



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF IRONTON
LAWRENCE COUNTY
DECEMBER 31, 2024**

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CITY OF IRONTON
LAWRENCE COUNTY
DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

City of Ironton
Lawrence County
301 South Third Street
Ironton, Ohio 45638

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Ironton, Lawrence County, Ohio (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2024, and the respective changes in modified cash-basis financial position thereof and the budgetary comparison for the General and Flood Improvement Funds for the year then ended in accordance with the modified cash-basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the City to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in note 14 to the financial statements, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 100 *Accounting Changes and Error Corrections*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

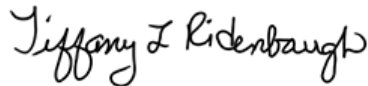
Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion & analysis and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 11, 2025

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CITY OF IRONTON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

The discussion and analysis of the City of Ironton's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2024. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2024 are as follows:

- ❑ In total, net position decreased \$1,613,074. Net position of governmental activities decreased \$870,651, or approximately 15%. Net position of business-type activities decreased \$742,423 or approximately 19%.
- ❑ General receipts accounted for \$11,984,743, or 46% of all receipts. Program specific receipts in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$13,800,444 or 54% of total receipts of \$25,785,187.
- ❑ The City had \$12,330,860 in disbursements related to governmental activities; only \$4,545,845 of these disbursements were offset by program specific charges for services and sales, operating grants and contributions, and capital grants and contributions. General receipts of \$6,780,710 were not adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$7,008,690 in receipts and \$7,405,575 in disbursements. The general fund's fund balance decreased \$663,228.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the City's modified cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the modified cash activities of the City as a whole. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the City as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns. The notes to the financial statements are an integral part of the City's government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

CITY OF IRONTON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The City has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the City's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid. As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Government-Wide Statements

The statement of net position and the statement of activities reflect how the City did financially during the year, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the City at fiscal year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts and interest are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the City's general receipts. These statements report the City's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the City's financial health. Over time, increases or decreases in the City's cash position is one indicator of whether the City's financial health is improving or deteriorating. When evaluating the City's financial condition, you should also consider other nonfinancial factors such as the City's property tax base, the condition of the City's capital assets, the extent of the City's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local receipt sources such as property taxes.

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

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

Fund Financial Statements

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

CITY OF IRONTON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

Governmental Funds – Most of the City's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the City's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the City's programs. The City's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. When the services are provided to other departments of the City, the service is reported as an internal service fund.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position at December 31, 2024 and 2023:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Pooled Cash and Investments	\$4,856,036	\$5,726,687	\$2,442,318	\$3,148,021	\$7,298,354	\$8,874,708
Cash and Cash Equivalents	0	0	710,088	746,808	710,088	746,808
Total Assets	<u>4,856,036</u>	<u>5,726,687</u>	<u>3,152,406</u>	<u>3,894,829</u>	<u>8,008,442</u>	<u>9,621,516</u>
Net Position:						
Restricted	3,285,111	3,253,374	710,088	746,808	3,995,199	4,000,182
Unrestricted	<u>1,570,925</u>	<u>2,473,313</u>	<u>2,442,318</u>	<u>3,148,021</u>	<u>4,013,243</u>	<u>5,621,334</u>
Total Net Position	<u>\$4,856,036</u>	<u>\$5,726,687</u>	<u>\$3,152,406</u>	<u>\$3,894,829</u>	<u>\$8,008,442</u>	<u>\$9,621,516</u>

CITY OF IRONTON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

Changes in Net Position – The following table shows the changes in net position for 2024 and 2023:

	Governmental Activities		Business-type Activities		Total	Total
	2024	2023	2024	2023	2024	2023
Receipts						
Program Receipts:						
Charges for Services and Sales	\$2,766,151	\$2,664,874	\$6,864,342	\$6,724,660	\$9,630,493	\$9,389,534
Operating Grants and Contributions	1,170,105	1,203,674	0	0	1,170,105	1,203,674
Capital Grants and Contributions	609,589	360,855	2,390,257	1,076,774	2,999,846	1,437,629
Total Program Receipts	4,545,845	4,229,403	9,254,599	7,801,434	13,800,444	12,030,837
General Receipts:						
Taxes	4,373,746	5,238,191	0	0	4,373,746	5,238,191
Intergovernmental, Unrestricted	472,501	490,439	0	0	472,501	490,439
Investment Earnings	246,987	250,084	165,991	136,188	412,978	386,272
OWDA Loan Proceeds	1,281,351	0	5,038,042	0	6,319,393	0
Miscellaneous	406,125	359,428	0	0	406,125	359,428
Total General Receipts	6,780,710	6,338,142	5,204,033	136,188	11,984,743	6,474,330
Total Receipts	11,326,555	10,567,545	14,458,632	7,937,622	25,785,187	18,505,167
Program Disbursements						
Security of Persons and Property	6,585,200	4,738,516	0	0	6,585,200	4,738,516
Public Health and Welfare Services	59,457	65,653	0	0	59,457	65,653
Leisure Time Activities	137,966	166,319	0	0	137,966	166,319
Community Environment	499,916	296,946	0	0	499,916	296,946
Transportation	843,960	884,386	0	0	843,960	884,386
General Government	3,215,170	3,141,006	0	0	3,215,170	3,141,006
Capital Outlay	499,765	1,923,326	0	0	499,765	1,923,326
Debt Service:						
Principal Retirement	343,829	335,284	0	0	343,829	335,284
Interest on Long-Term Debt	145,597	157,295	0	0	145,597	157,295
Water	0	0	2,944,316	3,276,608	2,944,316	3,276,608
Sewer	0	0	3,556,026	2,553,565	3,556,026	2,553,565
Sanitation	0	0	895,526	849,802	895,526	849,802
Storm Water	0	0	7,671,533	1,247,830	7,671,533	1,247,830
Total Disbursements	12,330,860	11,708,731	15,067,401	7,927,805	27,398,261	19,636,536
Change in Net Position						
Before Transfers and Advances	(1,004,305)	(1,141,186)	(608,769)	9,817	(1,613,074)	(1,131,369)
Transfers and Advances	133,654	(1,021,339)	(133,654)	1,021,339	0	0
Change in Net Position	(870,651)	(2,162,525)	(742,423)	1,031,156	(1,613,074)	(1,131,369)
Beginning Net Position	5,726,687	7,889,212	3,894,829	2,863,673	9,621,516	10,752,885
Ending Net Position	\$4,856,036	\$5,726,687	\$3,152,406	\$3,894,829	\$8,008,442	\$9,621,516

CITY OF IRONTON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

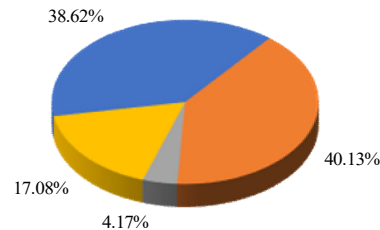
Governmental Activities

Net position of the City's Governmental Activities decreased \$870,651. A decrease in taxes can be attributed to a decrease in incomes taxes, which was the result of a large one-time income tax payment received in the prior year. Capital grants and Ohio Water Development Authority loan proceeds include amounts received for a combined sewer overflow project at Batham Lane and Orchard Street. This project was also the primary factor in an increase in disbursements.

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

Taxes made up 39% of receipts for governmental activities in 2024. The City's reliance upon tax receipts is demonstrated by the following graph:

Receipts	2024	Percent of Total
Taxes	\$4,373,746	38.62%
Program Receipts	4,545,845	40.13%
Intergovernmental, Unrestricted	472,501	4.17%
General Other	1,934,463	17.08%
Total Receipts	\$11,326,555	100.00%



Business-type Activities

Net position of the City's business-type activities decreased \$742,423. Charges for services and sales were consistent with the prior year. Capital grants and Ohio Water Development Authority loan proceeds include amounts received for a combined sewer overflow project at Batham Lane and Orchard Street. This project was also the primary factor in an increase in disbursements.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$4,844,773, which is a decrease from last year's balance of \$5,713,716. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2024 and 2023:

	Fund Balance December 31, 2024	Fund Balance December 31, 2023	Increase (Decrease)
General	\$1,414,808	\$2,078,036	(\$663,228)
Flood Improvement	589,630	543,577	46,053
Road and Bridge Improvements	543,362	574,904	(31,542)
Other Governmental	2,296,973	2,517,199	(220,226)
Total	\$4,844,773	\$5,713,716	(\$868,943)

CITY OF IRONTON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

General Fund – The City's General Fund balance change is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2024	2023	Increase
	Receipts	Receipts	(Decrease)
Taxes	\$3,795,711	\$4,664,307	(\$868,596)
Intergovernmental Receipts	495,565	476,651	18,914
Charges for Services	2,044,793	1,963,925	80,868
Licenses and Permits	49,941	41,720	8,221
Investment Earnings	120,052	131,810	(11,758)
Fines and Forfeitures	276,164	277,689	(1,525)
All Other Receipts	226,464	211,093	15,371
Total	<u>\$7,008,690</u>	<u>\$7,767,195</u>	<u>(\$758,505)</u>

General Fund receipts decreased \$758,505, or approximately 10%. The most significant change was a decrease in taxes, which can be attributed to a large one-time income tax payment received in the prior year.

	2024	2023	Increase
	Disbursements	Disbursements	(Decrease)
Current:			
Security of Persons and Property	\$3,829,082	\$3,955,678	(\$126,596)
Public Health and Welfare Services	54,429	54,838	(409)
Community Environment	119,765	23,483	96,282
General Government	2,811,130	2,881,062	(69,932)
Capital Outlay	345,695	92,889	252,806
Debt Service:			
Principal Retirement	170,685	167,847	2,838
Interest and Fiscal Charges	74,789	78,824	(4,035)
Total	<u>\$7,405,575</u>	<u>\$7,254,621</u>	<u>\$150,954</u>

Overall, General Fund disbursements remained stable, increasing \$150,954, or approximately 2%. A decrease in security of persons and property can be attributed to the purchase of a rescue truck in the prior year. This was offset by an increase in capital outlay, which was due to the purchase of the Lombard School property.

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

CITY OF IRONTON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

For the General Fund, actual budget basis receipts of \$6.2 million were not significantly different from original or final estimates. Actual budget basis disbursements of \$7.3 million were not significantly different from original or final budget estimates. The General Fund actual fund balance at year end was \$616,395.

DEBT ADMINISTRATION

The following table summarizes the City's debt outstanding as of December 31, 2024 and 2023:

	2024	2023
Business-Type Activities:		
Ohio Water Development Authority Loans	\$5,650,161	\$641,071
Ohio Public Works Commission Loans	106,793	116,634
Revenue Bonds	7,775,000	8,135,000
Installment Loans	35,561	69,882
General Obligation Bonds	587,000	852,897
Total Business-Type Activities	14,154,515	9,815,484
Governmental Activities:		
General Obligation Bonds	4,940,000	5,215,000
Installment Loans	181,632	250,461
Ohio Water Development Authority Loans	1,281,351	0
Police and Firemen's Accrued Pension	244,743	262,996
Total Governmental Activities	6,647,726	5,728,457
Totals	\$20,802,241	\$15,543,941

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.50% of the total assessed value of real and personal property. At December 31, 2024, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 8.

ECONOMIC FACTORS

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

REQUESTS FOR INFORMATION

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

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CITY OF IRONTON, OHIO

Statement of Net Position – Modified Cash Basis December 31, 2024

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	\$ 4,856,036	\$ 2,442,318	\$ 7,298,354
Restricted Assets:			
Cash and Investments	0	710,088	710,088
Total Assets	<u>4,856,036</u>	<u>3,152,406</u>	<u>8,008,442</u>
Net Position:			
Restricted For:			
Capital Projects	543,362	0	543,362
Debt Service	3,799	710,088	713,887
Streets and Highways	382,076	0	382,076
Security of Persons and Property	1,815,746	0	1,815,746
Other Purposes	540,128	0	540,128
Unrestricted	1,570,925	2,442,318	4,013,243
Total Net Position	<u>\$ 4,856,036</u>	<u>\$ 3,152,406</u>	<u>\$ 8,008,442</u>

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Statement of Activities – Modified Cash Basis **For the Year Ended December 31, 2024**

		Program Receipts		
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 6,585,200	\$ 1,172,333	\$ 990	\$ 56,275
Public Health and Welfare Services	59,457	0	73,237	0
Leisure Time Activities	137,966	5,077	0	0
Community Environment	499,916	21	13,626	0
Transportation	843,960	0	829,043	0
General Government	3,215,170	1,588,720	253,209	553,314
Capital Outlay	499,765	0	0	0
Principal Retirement	343,829	0	0	0
Interest on Long-Term Debt	145,597	0	0	0
Total Governmental Activities	12,330,860	2,766,151	1,170,105	609,589
Business-Type Activities:				
Water	2,944,316	2,666,980	0	10,000
Sewer	3,556,026	2,282,463	0	327,835
Sanitation	895,526	910,166	0	0
Storm Water	7,671,533	1,004,733	0	2,052,422
Total Business-Type Activities	15,067,401	6,864,342	0	2,390,257
Totals	\$ 27,398,261	\$ 9,630,493	\$ 1,170,105	\$ 2,999,846

General Receipts, Transfers, and Advances

Property Taxes
Municipal Income Taxes
Other Local Taxes
Intergovernmental, Unrestricted
Investment Earnings
OWDA Loan Proceeds
Miscellaneous
Transfers
Advances
Total General Receipts, Transfers, and Advances
 Change in Net Position
 Net Position Beginning of Year
Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Net (Disbursements) Receipts and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (5,355,602)	\$ 0	\$ (5,355,602)
13,780	0	13,780
(132,889)	0	(132,889)
(486,269)	0	(486,269)
(14,917)	0	(14,917)
(819,927)	0	(819,927)
(499,765)	0	(499,765)
(343,829)	0	(343,829)
(145,597)	0	(145,597)
<u>(7,785,015)</u>	<u>0</u>	<u>(7,785,015)</u>
0	(267,336)	(267,336)
0	(945,728)	(945,728)
0	14,640	14,640
<u>0</u>	<u>(4,614,378)</u>	<u>(4,614,378)</u>
<u>0</u>	<u>(5,812,802)</u>	<u>(5,812,802)</u>
<u>\$ (7,785,015)</u>	<u>\$ (5,812,802)</u>	<u>\$ (13,597,817)</u>
880,690	0	880,690
3,320,350	0	3,320,350
172,706	0	172,706
472,501	0	472,501
246,987	165,991	412,978
1,281,351	5,038,042	6,319,393
406,125	0	406,125
23,654	(23,654)	0
<u>110,000</u>	<u>(110,000)</u>	<u>0</u>
<u>6,914,364</u>	<u>5,070,379</u>	<u>11,984,743</u>
(870,651)	(742,423)	(1,613,074)
<u>5,726,687</u>	<u>3,894,829</u>	<u>9,621,516</u>
<u>\$ 4,856,036</u>	<u>\$ 3,152,406</u>	<u>\$ 8,008,442</u>

CITY OF IRONTON, OHIO

Balance Sheet – Modified Cash Basis Governmental Funds December 31, 2024

	General	Flood Improvement	Road and Bridge Improvements	Other Governmental Funds	Total Governmental Funds
Assets:					
Pooled Cash and Investments	\$ 1,414,808	\$ 589,630	\$ 543,362	\$ 2,296,973	\$ 4,844,773
Total Assets	\$ 1,414,808	\$ 589,630	\$ 543,362	\$ 2,296,973	\$ 4,844,773
Fund Balances:					
Restricted	\$ 0	\$ 589,630	\$ 543,362	\$ 2,152,119	\$ 3,285,111
Committed	468,194	0	0	0	468,194
Assigned	205,000	0	0	144,854	349,854
Unassigned	741,614	0	0	0	741,614
Total Fund Balances	\$ 1,414,808	\$ 589,630	\$ 543,362	\$ 2,296,973	\$ 4,844,773

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities - Modified Cash Basis December 31, 2024

Total Governmental Fund Balances	\$ 4,844,773
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***Amounts reported for governmental activities in the
statement of net position are different because***

The internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Internal Service Net Position	11,263
<i>Net Position of Governmental Activities</i>	<u><u>\$ 4,856,036</u></u>

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis Governmental Funds For the Year Ended December 31, 2024

		Formerly Minor	
	General	Flood Improvement	Road and Bridge Improvements
Receipts:			
Taxes	\$ 3,795,711	\$ 0	\$ 0
Intergovernmental Receipts	495,565	553,314	0
Charges for Services	2,044,793	300,237	0
Licenses and Permits	49,941	0	0
Investment Earnings	120,052	15,870	0
Fines and Forfeitures	276,164	0	0
All Other Receipts	226,464	0	0
Total Receipts	7,008,690	869,421	0
Disbursements:			
Current:			
Security of Persons and Property	3,829,082	2,009,151	0
Public Health and Welfare Services	54,429	0	0
Leisure Time Activities	0	0	0
Community Environment	119,765	0	0
Transportation	0	0	0
General Government	2,811,130	0	0
Capital Outlay	345,695	0	53,382
Debt Service:			
Principal Retirement	170,685	63,417	0
Interest and Fiscal Charges	74,789	10,311	0
Total Disbursements	7,405,575	2,082,879	53,382
Excess (Deficiency) of Receipts Over (Under) Disbursements	(396,885)	(1,213,458)	(53,382)
Other Financing Sources (Uses):			
OWDA Loan Proceeds	0	1,259,511	21,840
Transfers In	23,657	0	0
Transfers Out	(100,000)	0	0
Advances In	110,000	0	0
Advances Out	(300,000)	0	0
Total Other Financing Sources (Uses)	(266,343)	1,259,511	21,840
Net Change in Fund Balances	(663,228)	46,053	(31,542)
Fund Balance as Previously Reported	2,078,036	0	574,904
Change in Financial Reporting Entity (Major/Minor Funds)	0	543,577	0
Fund Balances at Beginning of Year	2,078,036	543,577	574,904
Fund Balances End of Year	\$ 1,414,808	\$ 589,630	\$ 543,362

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 578,035	\$ 4,373,746
1,203,316	2,252,195
43,342	2,388,372
0	49,941
111,065	246,987
51,674	327,838
179,661	406,125
<u>2,167,093</u>	<u>10,045,204</u>
746,967	6,585,200
5,028	59,457
137,966	137,966
380,151	499,916
843,960	843,960
402,332	3,213,462
100,688	499,765
109,727	343,829
60,497	145,597
<u>2,787,316</u>	<u>12,329,152</u>
(620,223)	(2,283,948)
0	1,281,351
100,000	123,657
(3)	(100,003)
300,000	410,000
0	(300,000)
<u>399,997</u>	<u>1,415,005</u>
(220,226)	(868,943)
3,060,776	5,713,716
(543,577)	0
<u>2,517,199</u>	<u>5,713,716</u>
<u>\$ 2,296,973</u>	<u>\$ 4,844,773</u>

CITY OF IRONTON, OHIO

Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances of Governmental Funds To the Statement of Activities - Modified Cash Basis For the Year Ended December 31, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (868,943)

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

The internal service funds, which are used by management to charge the costs of services to individual funds, are not included in the statement of activities. Governmental fund disbursements and related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service funds are allocated among the governmental activities.

Change in Net Position - Internal Service Funds (1,708)

Change in Net Position of Governmental Activities \$ (870,651)

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

**Statement of Receipts, Disbursements and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts:				
Taxes	\$ 3,737,795	\$ 3,761,130	\$ 3,709,358	\$ (51,772)
Intergovernmental Receipts	459,480	435,965	440,949	4,984
Charges for Services	1,497,400	1,494,050	1,521,187	27,137
Licenses and Permits	41,725	48,260	49,941	1,681
Investment Earnings	108,130	108,130	95,288	(12,842)
Fines and Forfeitures	280,675	280,335	272,914	(7,421)
All Other Receipts	147,365	138,895	145,516	6,621
Total Receipts	6,272,570	6,266,765	6,235,153	(31,612)
Disbursements:				
Current:				
Security of Persons and Property	3,734,294	3,710,774	3,656,709	54,065
Public Health and Welfare Services	55,070	54,765	54,429	336
General Government	3,033,880	3,213,055	2,946,883	266,172
Capital Outlay	524,600	415,405	446,780	(31,375)
Debt Service:				
Principal Retirement	164,895	164,895	164,892	3
Total Disbursements	7,512,739	7,558,894	7,269,693	289,201
Excess (Deficiency) of Receipts Over (Under) Disbursements	(1,240,169)	(1,292,129)	(1,034,540)	257,589
Other Financing Sources (Uses):				
Transfers In	275,005	275,005	275,003	(2)
Transfers Out	(100,000)	(100,000)	(100,000)	0
Advances In	485,000	465,000	170,000	(295,000)
Advances Out	(390,000)	(300,000)	(300,000)	0
Total Other Financing Sources (Uses):	270,005	340,005	45,003	(295,002)
Net Changes in Fund Balance	(970,164)	(952,124)	(989,537)	(37,413)
Fund Balance at Beginning of Year	1,312,785	1,312,785	1,312,785	0
Prior Year Encumbrances	293,147	293,147	293,147	0
Fund Balance at End of Year	\$ 635,768	\$ 653,808	\$ 616,395	\$ (37,413)

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

***Statement of Receipts, Disbursements and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Flood Improvement Fund
For the Year Ended December 31, 2024***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts:				
Intergovernmental Receipts	\$ 800,000	\$ 800,000	\$ 553,314	\$ (246,686)
Charges for Services	295,255	296,285	300,237	3,952
Investment Earnings	17,780	12,790	15,870	3,080
All Other Revenues	2,500	0	0	0
Total Receipts	1,115,535	1,109,075	869,421	(239,654)
Disbursements:				
Current:				
Security of Persons and Property	3,840,243	3,857,556	2,490,000	1,367,556
Debt Service:				
Principal Retirement	70,550	75,550	73,728	1,822
Total Disbursements	3,910,793	3,933,106	2,563,728	1,369,378
Excess (Deficiency) of Receipts Over (Under) Disbursements	(2,795,258)	(2,824,031)	(1,694,307)	1,129,724
Other Financing Sources (Uses):				
OWDA Loan Proceeds	2,286,436	2,286,440	1,259,511	(1,026,929)
Total Other Financing Sources (Uses):	2,286,436	2,286,440	1,259,511	(1,026,929)
Net Changes in Fund Balance	(508,822)	(537,591)	(434,796)	102,795
Fund Balance at Beginning of Year	90,170	90,170	90,170	0
Prior Year Encumbrances	453,407	453,407	453,407	0
Fund Balance at End of Year	\$ 34,755	\$ 5,986	\$ 108,781	\$ 102,795

See accompanying notes to the basic financial statements

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CITY OF IRONTON, OHIO

Statement of Net Position – Modified Cash Basis
Proprietary Funds
December 31, 2024

	Business-Type Activities			
	Enterprise Funds			
	Water	Sewer	Sanitation	Storm Water
Assets:				
<i>Current Assets:</i>				
Pooled Cash and Investments	\$ 612,486	\$ 684,416	\$ 264,950	\$ 880,466
Restricted Assets:				
Cash and Cash Equivalents	0	355,044	0	355,044
Total Assets	<u>612,486</u>	<u>1,039,460</u>	<u>264,950</u>	<u>1,235,510</u>
Net Position:				
Restricted For:				
Debt Service	0	355,044	0	355,044
Unrestricted	612,486	684,416	264,950	880,466
Total Net Position	<u>\$ 612,486</u>	<u>\$ 1,039,460</u>	<u>\$ 264,950</u>	<u>\$ 1,235,510</u>

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

	Governmental Activities - Internal Service Funds
Total	
\$ 2,442,318	\$ 11,263
710,088	0
3,152,406	11,263
710,088	0
2,442,318	11,263
\$ 3,152,406	\$ 11,263

CITY OF IRONTON, OHIO

***Statement of Receipts, Disbursements and Changes in
Fund Net Position – Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2024***

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Sanitation
Operating Receipts:			
Charges for Services	\$ 2,544,600	\$ 2,177,944	\$ 897,341
Other Operating Receipts	35,049	0	0
Total Operating Receipts	2,579,649	2,177,944	897,341
Operating Disbursements:			
Personal Services	1,376,178	1,006,651	489,291
Contractual Services	789,010	626,420	235,965
Materials and Supplies	40,757	33,244	49,376
Other Operating Disbursements	4,665	0	0
Capital Outlay	609,690	1,495,225	84,045
Total Operating Disbursements	2,820,300	3,161,540	858,677
Operating Income (Loss)	(240,651)	(983,596)	38,664
Nonoperating Receipts (Disbursements):			
Investment Earnings	37,950	58,237	12,895
Interest and Fiscal Charges	(22,564)	(137,714)	(2,528)
Principal Retirement	(101,452)	(256,772)	(34,321)
OWDA Loan Proceeds	0	629,755	0
Sale of Capital Assets	0	80,001	0
Other Nonoperating Receipts	87,331	24,518	12,825
Total Nonoperating Receipts (Disbursements)	1,265	398,025	(11,129)
Income (Loss) Before Transfers, Advances, and Capital Contributions	(239,386)	(585,571)	27,535
Transfers, Advances, and Capital Contributions:			
Transfers In	24,144	0	0
Transfers Out	(22,569)	(16,071)	0
Advances Out	(110,000)	0	0
Capital Contributions	10,000	327,835	0
Total Transfers, Advances, and Capital Contributions	(98,425)	311,764	0
Change in Net Position	(337,811)	(273,807)	27,535
Net Position Beginning of Year	950,297	1,313,267	237,415
Net Position End of Year	<u>\$ 612,486</u>	<u>\$ 1,039,460</u>	<u>\$ 264,950</u>

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Storm Water	Total	Governmental Activities - Internal Service Funds
\$ 912,846	\$ 6,532,731	\$ 0
0	35,049	24,321
912,846	6,567,780	24,321
69,660	2,941,780	0
163,158	1,814,553	0
1,278	124,655	26,029
0	4,665	0
6,986,128	9,175,088	0
7,220,224	14,060,741	26,029
(6,307,378)	(7,492,961)	(1,708)
56,909	165,991	0
(144,843)	(307,649)	0
(306,466)	(699,011)	0
4,408,287	5,038,042	0
0	80,001	0
91,887	216,561	0
4,105,774	4,493,935	0
(2,201,604)	(2,999,026)	(1,708)
0	24,144	0
(9,158)	(47,798)	0
0	(110,000)	0
2,052,422	2,390,257	0
2,043,264	2,256,603	0
(158,340)	(742,423)	(1,708)
1,393,850	3,894,829	12,971
\$ 1,235,510	\$ 3,152,406	\$ 11,263

CITY OF IRONTON, OHIO

Statement of Net Position – Modified Cash Basis Fiduciary Funds December 31, 2024

	<u>Custodial Fund</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 14,342</u>
Total Assets	<u>14,342</u>
Net Position:	
Unrestricted	<u>14,342</u>
Total Net Position	<u><u>\$ 14,342</u></u>

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Statement of Changes in Net Position – Modified Cash Basis Fiduciary Funds For the Year Ended December 31, 2024

	<u>Custodial Fund</u>
Additions:	
Collections of Fines and Forfeitures	
for Other Governments	<u>\$ 432,440</u>
Total Additions	<u>432,440</u>
Deductions:	
Distribution of Fines and Forfeitures	
to Other Governments	<u>432,252</u>
Total Deductions	<u>432,252</u>
Change in Net Position	188
Net Position at Beginning of Year	<u>14,154</u>
Net Position End of Year	<u><u>\$ 14,342</u></u>

See accompanying notes to the basic financial statements

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CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

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.

A. Reporting Entity

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

The City’s primary government consists of all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, cemetery department, planning, zoning, street maintenance, basic utility (water, sewer, storm water and refuse) and other governmental services.

The City is involved with the following organizations which are defined as jointly governed organizations: Huntington-Ironton Empowerment Zone, Woodland Union Cemetery, KYOVA Interstate Planning Commission, Ohio Valley Regional Development Commission and Lawrence County Economic Development Corporation (LEDC). Additional information concerning these jointly governed organizations is presented in Note 12.

As discussed further in the Basis of Accounting Portion of this note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The following is a summary of the City’s significant accounting policies.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

Governmental Funds

The City classifies funds financed primarily by taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds.

The following are the City's major governmental funds:

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

Flood Improvement Fund - This fund is used to account for flood protection operations and personnel. Funding is provided by flood protection fees, grants, and loans.

Road and Bridge Improvements Fund - This fund is used to account for bond proceeds to be used for various road and bridge improvements.

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CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

The City classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

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

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

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

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City does not have any trust funds. Custodial funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations or other governmental units. The City has one custodial fund, which accounts for municipal court collections that are distributed to the state and various local governments.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund activity is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

The City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by fund type.

D. Basis of Accounting

The City’s financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the City’s financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount City Council may appropriate.

All funds other than custodial 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.

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 2024. The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the City Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by City Council.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department, and object level (the legal level of control).

The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. The allocation of appropriations among departments and objects within a fund may only be modified during the year by an ordinance of City Council. The budgetary figures which appear on the "Statement of Receipts, Disbursements, and Changes in Fund Balances--Budget and Actual" are presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by City Council during the year.

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the modified cash basis statements to the budgetary basis statements for the General Fund and Major Special Revenue Fund:

	Net Change in Fund Balance	
	General Fund	Flood Improvement Fund
Cash Basis (as reported)	(\$663,228)	\$46,053
Perspective Difference-		
Budgeted Special Revenue Funds		
Reclassified as General Fund	(118,057)	0
Municipal Court Collections		
Recorded in General Fund	(3,250)	0
Encumbrances	(205,002)	(480,849)
Budget Basis	(\$989,537)	(\$434,796)

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CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and short-term certificates of deposit with original maturities of three months or less. Certificates of deposit with original maturities in excess of three months are considered an investment in the basic financial statements.

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. See Note 3 "Cash, Cash Equivalents and Investments."

G. Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively. The City allocates interest among various funds based upon applicable legal and administrative requirements. See Note 3 "Cash, Cash Equivalents and Investments."

H. Inventory and Prepaid Items

The City reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

I. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

J. Long-Term Obligations

The City's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

K. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the City's modified cash basis of accounting.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for recreation and economic development.

The City applies restricted resources when a disbursement is made for purposes for which both restricted and unrestricted net position is available.

M. Pension/OPEB

For purposes of measuring the net pension/OPEB liability (asset), information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

The City recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated. Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances

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

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

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

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

A bond reserve account is reported as restricted cash in the financial statements.

Q. Operating Receipts and Disbursements

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

R. Leases

The City is the lessor in various leases related to buildings under noncancelable leases. Lease receivables/deferred inflows of resources and intangible right to use asset/lease payables are not reflected under the City's modified cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

S. Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2024, distributions of \$71,177 are reflected as intergovernmental revenue in the Opioid Fund in the accompanying financial statements.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 2 – FUND BALANCE CLASSIFICATION

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

<u>Fund Balances</u>	<u>General</u>	<u>Flood Improvement</u>	<u>Road and Bridge Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted:					
Flood Wall	\$0	\$589,630	\$0	\$218,455	\$808,085
Police and Fire Pension	0	0	0	73,454	73,454
Police Department Operations	0	0	0	154,000	154,000
Street Improvements	0	0	0	382,076	382,076
Recreation Programs	0	0	0	31,880	31,880
Drug and Alcohol Treatment	0	0	0	387,312	387,312
FEMA Programs	0	0	0	4,262	4,262
Municipal Court	0	0	0	488,594	488,594
Community Development	0	0	0	204,983	204,983
Economic Development	0	0	0	203,304	203,304
Debt Service	0	0	0	3,799	3,799
Capital Improvements	0	0	543,362	0	543,362
Total Restricted	0	589,630	543,362	2,152,119	3,285,111
Committed:					
Community Development	195,780	0	0	0	195,780
Fire Department	272,414	0	0	0	272,414
Total Committed	468,194	0	0	0	468,194
Assigned:					
Capital Improvements	0	0	0	37,143	37,143
Community Development	0	0	0	107,711	107,711
Other Purposes	205,000	0	0	0	205,000
Total Assigned	205,000	0	0	144,854	349,854
Unassigned (Deficits):	741,614	0	0	0	741,614
Total Fund Balances	\$1,414,808	\$589,630	\$543,362	\$2,296,973	\$4,844,773

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. The City has adopted an Investment Policy that follows Ohio Revised Code Chapter 135 and applies the prudent person standard. The prudent person standard requires the Finance Director to exercise the care, skill and experience that a prudent person would use to manage his/her personal financial affairs and to seek investments that will preserve principal while maximizing income.

Statutes require the classification of funds held by the City into three categories:

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

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

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

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts. Interim 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, and government national mortgage 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;
- Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
- Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
- Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
- 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).

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the City has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At December 31, 2024, one of the City's financial institutions still maintained their own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

At year end the carrying amount of the City's deposits was \$3,459,866 and the bank balance was \$3,545,044. Federal depository insurance covered \$1,391,432 of the bank balance and \$2,153,612 was uninsured and collateralized with securities held by the pledging institutions trust department not in the City's name.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

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

B. Investments

The City's investments at December 31, 2024 were as follows:

	Fair Value	Credit	Fair Value Hierarchy	Concentration of Credit Risk	Investment Maturities (in Years)		
		Rating			less than 1	1-3	3 or more
Mutual Funds ³	\$274,296	AA+ ¹ /Aaa ²	NA	6.01%	274,296	0	0
US Treasuries	3,588,499	AA+ ¹ /Aaa ²	Level 2	78.65%	3,588,499	0	0
GNRM	282,937	AA+ ¹ /Aaa ²	Level 2	6.20%	0	0	282,937
GNMA	117,933	AA+ ¹ /Aaa ²	Level 2	2.58%	0	0	117,933
FFCB	299,253	AA+ ¹ /Aaa ²	Level 2	6.56%	0	0	299,253
Total Investments	<u>\$4,562,918</u>			<u>100.00%</u>	<u>\$3,862,795</u>	<u>\$0</u>	<u>\$700,123</u>

¹ Standard & Poor's

² Moody's Investor Service

³ Reported at amortized cost

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Investment distribution is detailed in the table above.

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

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 4 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2024 were levied after October 1, 2023 on assessed values as of January 1, 2023, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2022. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 4 - TAXES (Continued)

A. Property Taxes (Continued)

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

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

The full tax rate for the City's operations for the year ended December 31, 2024 was \$5.28 per \$1,000 of assessed value. The assessed value upon which the 2024 tax collections were based was \$198,523,770. This amount constitutes \$184,311,890 in real property assessed value and \$14,211,880 in public utility assessed value. Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .528% (5.28 mills) of assessed value.

Real Estate Tax Abatements

As of December 31, 2024, the City provides tax incentives under one (1) program, the Community Reinvestment Area (CRA).

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area. The City authorizes incentives through passage of public ordinances, based upon each businesses investment criteria and through a contractual application process with each business. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located within the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements in specified areas. The City has offered the CRA abatements to encourage economic stability, maintain property values, and generate new employment opportunities and population growth.

Below is the information relevant to the disclosure of this program for the year ending December 31, 2024.

	<u>Total Amount of Taxes Abated for the Year 2024</u>
<i>Community Reinvestment Area (CRA)</i>	
Retail/Real Estate/Medical	\$21,795
	<u>\$21,795</u>

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 4 - TAXES (Continued)

B. Income Tax

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

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

NOTE 5 – TRANSFERS AND ADVANCES

Following is a summary of transfers in and out for all funds for 2024:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$23,657	\$100,000
Other Governmental Funds	100,000	3
Total Governmental Funds	123,657	100,003
Water Fund	24,144	22,569
Sewer Fund	0	16,071
Storm Water Fund	0	9,158
Total Proprietary Funds	24,144	47,798
Totals	\$147,801	\$147,801

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. The Sewer Fund and Storm Water Fund transferred \$14,986 and \$9,158, respectively, to the Water Fund for debt service payments. The Water Fund and Sewer Fund transferred \$22,569 and \$1,085, respectively, to the General Fund for debt service payments. In addition, the remaining cash balance in the ARPA First Responder Grant Fund of \$3 was transferred to the General Fund.

Following is a summary of advances for all funds for 2024:

<u>Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$110,000	\$300,000
Other Governmental Funds	300,000	0
Total Governmental Funds	410,000	300,000
Water Fund	0	110,000
Total Proprietary Funds	0	110,000
Totals	\$410,000	\$410,000

Advances are used to temporarily provide operating resources to funds with the expectation the resources will be repaid once monies are available in the funds receiving the advance. In 2024 the General Fund advanced \$300,000 to various funds to assist with cash flow.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 6 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. In October 2023, the legislature approved House Bill (HB) 33 which allows for the consolidation of the combined plan with the traditional plan with the timing of the consolidation at the discretion of OPERS. As of December 31, 2023, the consolidation has not been executed.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement. Law enforcement and public safety members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2024 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2024 Actual Contribution Rates			
Employer:			
Pension *****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits *****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** This rate is determined by OPERS' Board and has no maximum rate established by ORC.

*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

***** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll. The City's contractually required contribution was \$534,350 for 2024.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries under optional plans, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

	<u>Police</u>	<u>Firefighters</u>
2024 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25
2024 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$435,118 for 2024. In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2024, the specific liability of the City has an outstanding balance of \$244,743, payable in semi-annual payments through the year 2035.

Pension Liabilities

The net pension liability for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$5,401,542	\$6,558,174	\$11,959,716
Proportion of the Net Pension Liability-2024	0.020632%	0.067880%	
Proportion of the Net Pension Liability-2023	0.019572%	0.068090%	
Percentage Change	<u>0.001060%</u>	<u>(0.000210%)</u>	

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements *For the Year Ended December 31, 2024*

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

The total pension liability in the December 31, 2023 and December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2023
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	2.3 percent, simple through 2024, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age
	December 31, 2022
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3.0 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2023. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2 percent for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements *For the Year Ended December 31, 2024*

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	2.85%
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	<u>100.00%</u>	

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent. The discount rate for the prior year was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$8,503,479	\$5,401,542	\$2,821,632

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2023 is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2023, compared with January 1, 2022, are presented below.

	January 1, 2023	January 1, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.25 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Linked Bonds*	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Private Real Estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.0x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements *For the Year Ended December 31, 2024*

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2023, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2022 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$8,686,790	\$6,558,174	\$4,788,023

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2024***

NOTE 7 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

The net OPEB liability (asset) represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability (asset) represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The net OPEB liability (asset) is not reported on the face of the financial statements, but rather is disclosed in the notes because of the use of the modified cash basis framework.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit; or

Group C 32 years of total service cred with at least 20 years of qualified health care service credit.

Age 59 or younger Based on the following age-and-service criteria:

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52; or

Group C 32 years of qualified health care service credit and at least age 55.

Retirees who do not meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Group A	Group B	Group C
Age and Service Requirements December 1, 2014 or Prior Any Age with 10 years of service credit	Age and Service Requirements December 1, 2014 or Prior Any Age with 10 years of service credit	Age and Service Requirements December 1, 2014 or Prior Any Age with 10 years of service credit
January 1, 2015 through December 31, 2021 Age 60 with 20 years of service credit or Any Age with 30 years of service credit	January 1, 2015 through December 31, 2021 Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	January 1, 2015 through December 31, 2021 Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10 percent each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20 percent per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. For fiscal year 2024, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.0 percent. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2024.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The City's contractually required contribution to OP&F was \$10,209 for 2024.

OPEB Liability (Asset)

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability (Asset)	(\$181,326)	\$495,615	\$314,289
Proportion of the Net OPEB Liability (Asset) - 2024	0.020091%	0.067880%	
Proportion of the Net OPEB Liability (Asset) - 2023	<u>0.019090%</u>	<u>0.068090%</u>	
Percentage Change	<u>0.001001%</u>	<u>(0.000210%)</u>	

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	5.70 percent
Prior measurement date	5.22 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	3.77 percent
Prior measurement date	4.05 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2038
Prior measurement date	5.5 percent initial, 3.5 percent ultimate in 2036
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0 percent for 2023.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00%	2.82%
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other investments	5.00	2.43
Total	100.00%	

Discount Rate A single discount rate of 5.70 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent. (Fidelity Index's "20-Year Municipal GO AA Index")

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70 percent) or one-percentage-point higher (6.70 percent) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
City's proportionate share of the net OPEB liability (asset)	\$99,651	(\$181,326)	(\$414,076)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$188,855)	(\$181,326)	(\$172,783)

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

	January 1, 2023	January 1, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.50 percent to 10.5 percent	3.25 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	4.07 percent	4.27 percent
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple
Projected Depletion Year of OPEB Assets	2038	2036

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Linked Bonds*	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Private Real Estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.0x

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements *For the Year Ended December 31, 2024*

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2023, the total OPEB liability was calculated using the discount rate of 4.07 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.5 percent was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38 percent was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07 percent.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.07 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.07 percent), or one percentage point higher (5.07 percent) than the current rate.

	1% Decrease (3.07%)	Current Discount Rate (4.07%)	1% Increase (5.07%)
City's proportionate share of the net OPEB liability	\$610,460	\$495,615	\$398,893

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 8 - DEBT

The City's debt activity and year end balances at December 31, 2024 is as follows:

			Balance December 31, 2023	Additions	(Reductions)	Balance December 31, 2024	Due Within One Year
Business-Type Activities:							
Ohio Water Development Authority Loans (OWDA):							
2.00%	Water Meter Replacement	2011	\$641,071	\$0	(\$28,952)	\$612,119	\$29,533
3.08%	Batham Lane & Orchard Street Storm Sewer	2024	0	5,038,042	0	5,038,042	0
Total Ohio Water Development Authority Loans			641,071	5,038,042	(28,952)	5,650,161	29,533
Ohio Public Works Commission Loans (OPWC):							
0.00%	Railroad Street Sanitary Sewer	2006	11,250	0	(1,875)	9,375	3,750
0.00%	Storm Sewer Separation	2013	13,040	0	(466)	12,574	931
0.00%	Water Storage Improvement	2009	82,500	0	(7,500)	75,000	15,000
Total Ohio Public Works Commission Loans			106,790	0	(9,841)	96,949	19,681
Revenue Bonds:							
3.40%	Sewer System Improvement Refunding	2020	8,135,000	0	(360,000)	7,775,000	375,000
Total Revenue Bonds			8,135,000	0	(360,000)	7,775,000	375,000
Installment Loans:							
3.56%	Garbage Truck	2021	69,882	0	(34,321)	35,561	35,561
General Obligation Bonds:							
2.40%	Water Facility Improvements	2019	369,000	0	(58,000)	311,000	59,000
2.40%	Track Hoe	2019	42,000	0	(7,000)	35,000	7,000
2.35%	Storm Water Improvement	2016	200,000	0	(100,000)	100,000	100,000
2.40%	Street Sweeper	2019	167,000	0	(26,000)	141,000	27,000
3.00%	Sewer System Improvement	2019	74,897	0	(74,897)	0	0
Total General Obligation Bonds			852,897	0	(265,897)	587,000	193,000
Total Business-Type Activities			\$9,805,640	\$5,038,042	(\$699,011)	\$14,144,671	\$652,775
Governmental Activities:							
General Obligation Bonds:							
1.95%	Fire House/City Center Refunding	2021	635,000	0	(\$59,000)	576,000	58,000
2.70%	Roadway Improvements	2021	2,092,000	0	(\$98,000)	1,994,000	101,000
2.65%	Energy Conservation Improvements	2021	2,488,000	0	(\$118,000)	2,370,000	121,000
Total General Obligation Bonds			5,215,000	0	(275,000)	4,940,000	280,000
Installment Loans:							
3.50%	Moulten Field Flood System	2017	208,672	0	(55,297)	153,375	57,283
2.50%	Skid Steer Loader	2021	41,789	0	(13,532)	28,257	13,926
Total Installment Loans			250,461	0	(68,829)	181,632	71,209
Ohio Water Development Authority Loans (OWDA):							
3.03%	Third Street Waterline	2024	0	21,840	0	21,840	0
3.08%	Batham Lane & Orchard Street Storm Sewer	2024	0	1,259,511	0	1,259,511	0
Total Ohio Water Development Authority Loans			0	1,281,351	0	1,281,351	0
Police/Fire Accrued Pension Obligations			262,996	0	(18,253)	244,743	19,037
Total Governmental Activities			\$5,728,457	\$1,281,351	(\$362,082)	\$6,647,726	\$370,246

Direct Placements and Direct Borrowings – All outstanding loans and bonds of the City are the result of direct placements and direct borrowings of debt.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 8 - DEBT (Continued)

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2024, follows:

Years	OWDA Loans		Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$29,533	\$12,095	\$848,000	\$406,264	\$19,681	\$0
2026	30,126	11,502	770,000	381,868	19,681	0
2027	30,733	10,897	792,000	359,194	17,806	0
2028	31,350	10,278	821,000	335,822	15,931	0
2029	31,980	9,649	839,000	311,604	15,931	0
2030-2034	169,805	38,337	3,962,000	1,196,670	4,657	0
2035-2039	187,571	20,573	4,320,000	564,968	3,262	0
2040-2044	101,021	3,050	950,000	29,902	0	0
Totals	<u>\$612,119</u>	<u>\$116,381</u>	<u>\$13,302,000</u>	<u>\$3,586,292</u>	<u>\$96,949</u>	<u>\$0</u>

Years	Police/Fire Accrued Pension Liability		Installment Loans	
	Principal	Interest	Principal	Interest
2025	\$19,037	\$10,985	\$106,770	\$5,701
2026	19,855	10,201	73,652	2,377
2027	20,707	9,384	36,771	400
2028	21,597	8,531	0	0
2029	22,524	7,642	0	\$0
2030-2034	127,993	23,470	0	0
2035-2039	13,030	1,719	0	0
Totals	<u>\$244,743</u>	<u>\$71,932</u>	<u>\$217,193</u>	<u>\$8,478</u>

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, 2024 was \$316,675 in principal and interest payments through the year 2035. Only the principal amount of \$244,743 is included in the Long-Term debt amount.

Moulten Field Flood System Installment Loan - Collateral for the 2017 Moulten Field Flood System installment loan consists of a certificate of deposit in the name of the City of Ironton with a December 31, 2024 current value of \$1,236,378 and a hold value of \$153,375 related to this loan.

Batham Lane and Orchard Street Storm Sewer Separation - In 2024 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a combined sewer overflow separation project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 3.08% per annum. As of December 31, 2024, the City had received \$6,297,553 from OWDA. Subsequent amounts will be received in future years. As of December 31, 2024, the loan has not been finalized and there is no amortization schedule for the loan.

Third Street Waterline Improvements - In 2024 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a waterline improvement project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 3.03% per annum. As of December 31, 2024, the City had received \$21,840 from OWDA. Subsequent amounts will be received in future years. As of December 31, 2024, the loan has not been finalized and there is no amortization schedule for the loan.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 9 - LEASES

The City leases portions of a building and parking lot to the Lawrence County Port Authority (Lessee). The City received a lump sum payment of \$350,424 in 2022. The lump sum payment covers the entire lease term, which is 99 years.

In addition to the one-time payment, the Lessee is required to pay a proportionate share of costs related to maintenance of a common area. The Lessee's proportionate share of maintenance cost is 24%, unless otherwise modified.

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CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 10 - RISK MANAGEMENT

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

Risk Pool Membership

The City is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the City's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (the latest information available):

2023

Cash and investments	\$43,996,442
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Actuarial liabilities	\$19,743,401
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There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

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

NOTE 11 - CONTINGENCIES

The City is defendant in a lawsuit. Although management cannot presently determine the outcome of the suit, they believe the resolution of the matter will not materially adversely affect the City's financial condition.

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2024.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

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

The purposes of the governing foundation include:

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

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

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

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

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

NOTE 13 – SIGNIFICANT COMMITMENTS

The City had the following significant contractual commitments at December 31, 2024:

<u>Project</u>	<u>Remaining Contractual Commitment</u>
South Third Street Improvements	\$1,214,233
Batham and Orchard Street Improvements	4,922,370
WWTP Site/Walnut Sluice Gate	215,000
Pump Station #7	723,200
KYOVA/5th Street Paving	654,660
5th Street Bridge	2,666,115
WWTP Generator	322,000
CSO Headworks and HRT Design	800,000
	<u>\$11,517,578</u>

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 13 – SIGNIFICANT COMMITMENTS (Continued)

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

At December 31, 2024 the City had encumbrance commitments in the Governmental Funds as follows:

<u>Fund</u>	<u>Encumbrances</u>
Governmental Funds:	
General	\$205,002
Flood Improvement	480,849
Road and Bridge Improvements	517,270
Other Governmental Funds	460,801
Total Governmental Funds	<u>\$1,663,922</u>

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

For 2024 the City implemented Governmental Accounting Standards Board (GASB) Statement No. 100, “Accounting Changes and Error Corrections” and Statement No. 101, “Compensated Absences.”

GASB Statement No. 100 addresses accounting and financial reporting requirements for accounting changes and error corrections. The implementation of GASB Statement No. 100 had an effect on the financial statements of the City and the change is reflected on the Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis Governmental Funds.

GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences.

The implementation of this Statement had no effect on beginning net position/fund balance.

NOTE 15 - NONCOMPLIANCE

Financial Reporting - Ohio Administrative Code, Section 117-2-03 (B), requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, deferred inflows/outflows, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City.

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CITY OF IRONTON, OHIO

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CITY OF IRONTON, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability
Last Ten Years***

Ohio Public Employees Retirement System

Year	2015	2016	2017
City's proportion of the net pension liability (asset)	0.018480%	0.019369%	0.019292%
City's proportionate share of the net pension liability (asset)	\$2,228,948	\$3,354,908	\$4,380,882
City's covered payroll	\$2,250,508	\$2,408,458	\$2,492,475
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	99.04%	139.30%	175.76%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	81.08%	77.25%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2015	2016	2017
City's proportion of the net pension liability (asset)	0.069064%	0.080443%	0.071812%
City's proportionate share of the net pension liability (asset)	\$3,577,798	\$5,174,974	\$4,548,477
City's covered payroll	\$1,397,339	\$1,622,091	\$1,524,281
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	256.04%	319.03%	298.40%
Plan fiduciary net position as a percentage of the total pension liability	72.20%	66.77%	68.36%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

The schedule is reported as of the fiscal date of the Net Pension Liability.
See notes to other information

CITY OF IRONTON, OHIO

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.020080%	0.019245%	0.018902%	0.019790%	0.019536%	0.019572%	0.020632%
\$3,150,189	\$5,270,815	\$3,736,109	\$2,930,468	\$1,699,711	\$5,781,577	\$5,401,542
\$2,698,500	\$2,658,629	\$2,700,357	\$2,836,350	\$2,905,350	\$3,102,100	\$3,467,757
116.74%	198.25%	138.36%	103.32%	58.50%	186.38%	155.76%
84.66%	74.70%	82.17%	86.88%	92.62%	75.74%	79.01%
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.074965%	0.069033%	0.063892%	0.063857%	0.066951%	0.068090%	0.067880%
\$4,600,956	\$5,634,917	\$4,304,120	\$4,353,175	\$4,182,730	\$6,467,928	\$6,558,174
\$1,553,130	\$1,549,748	\$1,502,239	\$1,573,077	\$1,718,084	\$1,828,617	\$1,938,238
296.24%	363.60%	286.51%	276.73%	243.45%	353.71%	338.36%
70.91%	63.07%	69.89%	70.65%	75.03%	62.90%	63.63%

CITY OF IRONTON, OHIO

***Schedule of City Pension Contributions
Last Ten Years***

Ohio Public Employees Retirement System

Year	2015	2016	2017
Contractually required contribution	\$289,015	\$299,097	\$350,805
Contributions in relation to the contractually required contribution	289,015	299,097	350,805
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$2,408,458	\$2,492,475	\$2,698,500
Contributions as a percentage of covered payroll	12.00%	12.00%	13.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2015	2016	2017
Contractually required contribution	\$346,333	\$325,914	\$331,978
Contributions in relation to the contractually required contribution	346,333	325,914	331,978
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$1,622,091	\$1,524,281	\$1,553,130
Contributions as a percentage of covered payroll	21.35%	21.38%	21.37%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

See notes to other information

CITY OF IRONTON, OHIO

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$372,208	\$378,050	\$397,089	\$406,749	\$434,294	\$485,486	\$534,350
<u>372,208</u>	<u>378,050</u>	<u>397,089</u>	<u>406,749</u>	<u>434,294</u>	<u>485,486</u>	<u>534,350</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,658,629	\$2,700,357	\$2,836,350	\$2,905,350	\$3,102,100	\$3,467,757	\$3,816,786
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$331,250	\$321,029	\$336,207	\$365,990	\$389,850	\$411,912	\$435,118
<u>331,250</u>	<u>321,029</u>	<u>336,207</u>	<u>365,990</u>	<u>389,850</u>	<u>411,912</u>	<u>435,118</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,549,748	\$1,502,239	\$1,573,077	\$1,718,084	\$1,828,617	\$1,938,238	\$2,041,856
21.37%	21.37%	21.37%	21.30%	21.32%	21.25%	21.31%

CITY OF IRONTON, OHIO

***Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB)
Liability (Asset)
Last Eight Years***

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.018960%	0.019652%	0.018654%
City's proportionate share of the net OPEB liability (asset)	\$1,915,033	\$2,134,087	\$2,432,041
City's covered payroll	\$2,492,475	\$2,698,500	\$2,658,629
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	76.83%	79.08%	91.48%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	54.50%	54.14%	46.33%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.071812%	0.074965%	0.069033%
City's proportionate share of the net OPEB liability (asset)	\$3,408,737	\$4,247,426	\$628,651
City's covered payroll	\$1,524,281	\$1,553,130	\$1,549,748
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	223.63%	273.48%	40.56%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2017 is not available.

The schedule is reported as of the fiscal date of the Net OPEB Liability.

See notes to other information

CITY OF IRONTON, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.018213%	0.019069%	0.019084%	0.019090%	0.020091%
\$2,515,688	(\$339,729)	(\$597,740)	\$120,366	(\$181,326)
\$2,700,357	\$2,836,350	\$2,905,350	\$3,102,100	\$3,467,757
93.16%	(11.98%)	(20.57%)	3.88%	(5.23%)
47.80%	115.57%	128.23%	94.79%	107.76%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.063892%	0.063857%	0.066951%	0.068090%	0.067880%
\$631,110	\$676,573	\$733,844	\$484,784	\$495,615
\$1,502,239	\$1,573,077	\$1,718,084	\$1,828,617	\$1,938,238
42.01%	43.01%	42.71%	26.51%	25.57%
47.08%	45.42%	46.86%	52.59%	51.89%

CITY OF IRONTON, OHIO

Schedule of City's Other Postemployment Benefit (OPEB) Contributions Last Ten Years

Ohio Public Employees Retirement System

Year	2015	2016	2017
Contractually required contribution	\$48,169	\$49,850	\$26,985
Contributions in relation to the contractually required contribution	48,169	49,850	26,985
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$2,408,458	\$2,492,475	\$2,698,500
Contributions as a percentage of covered payroll	2.00%	2.00%	1.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2015	2016	2017
Contractually required contribution	\$8,110	\$7,621	\$7,766
Contributions in relation to the contractually required contribution	8,110	7,621	7,766
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$1,622,091	\$1,524,281	\$1,553,130
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

See notes to other information

CITY OF IRONTON, OHIO

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,658,629	\$2,700,357	\$2,836,350	\$2,905,350	\$3,102,100	\$3,467,757	\$3,816,786
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$7,749	\$7,511	\$7,865	\$8,590	\$9,143	\$9,691	\$10,209
<u>7,749</u>	<u>7,511</u>	<u>7,865</u>	<u>8,590</u>	<u>9,143</u>	<u>9,691</u>	<u>10,209</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,549,748	\$1,502,239	\$1,573,077	\$1,718,084	\$1,828,617	\$1,938,238	\$2,041,856
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

CITY OF IRONTON, OHIO

Notes to Other Information For the Year Ended December 31, 2024

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2015-2024.

Changes in assumptions:

2015-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

2023-2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

CITY OF IRONTON, OHIO

Notes to Other Information For the Year Ended December 31, 2024

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2015-2024.

Changes in assumptions:

2015-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

2023: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

CITY OF IRONTON, OHIO

Notes to Other Information For the Year Ended December 31, 2024

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2021, and 2023-2024.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

Changes in assumptions:

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

CITY OF IRONTON, OHIO

Notes to Other Information For the Year Ended December 31, 2024

NET OPEB LIABILITY (ASSET) (Continued)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

2024: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The Municipal Bond Rate changed from 4.05% to 3.77%
- The single discount rate changed from 5.22% to 5.70%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

2020 - 2024: There were no changes in benefit terms.

Changes in assumptions:

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.56% to 2.96%.
- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.96% to 2.84%.
- The investment rate of return changed from 8.0% to 7.5%.

CITY OF IRONTON, OHIO

Notes to Other Information For the Year Ended December 31, 2024

NET OPEB LIABILITY (ASSET) (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.84% to 4.27%.
- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

2024: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.27% to 4.07%.

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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800-282-0370

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ironton, Lawrence County, Ohio (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 11, 2025, wherein we noted the City uses a special purpose framework other than generally accepted accounting principles. We also noted the City implemented GASB Statement No. 100 *Accounting Changes and Error Corrections*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as an item 2024-001.


City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 11, 2025

CITY OF IRONTON
LAWRENCE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2024

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

FINDING NUMBER 2024-001

Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B) requires the City to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The City prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the modified cash basis of accounting, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the City may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the City's ability to evaluate and monitor the overall financial condition of the City. To help provide the users with more meaningful financial statements, the City should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

Finance Director will strive to comply in accordance with the ORC for filing upon availability of financial resources.

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The City of Ironton

"Overlooking The Beautiful Ohio River"

JOHN W. ELAM, Finance Director

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Phone: (740) 533-0439 • Fax: (740) 533-6104 • Email: jelam@ironton-ohio.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03 – Financial statements not prepared following generally accepted accounting principles.	Not corrected	See Finding Number 2024-001.

"An Empowerment Zone Community"

OHIO AUDITOR OF STATE KEITH FABER



**CITY OF IRONTON
LAWRENCE COUNTY**

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/4/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov