

PARK OHIO HOLDINGS CORP
Form 11-K
June 18, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

þ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2013
or

.. TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF
1934
For the transition period from to
Commission file number 0-3134

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
INDIVIDUAL ACCOUNT RETIREMENT PLAN OF PARK-OHIO INDUSTRIES, INC. AND ITS SUBSIDIARIES

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
PARK-OHIO HOLDINGS CORP.
6065 Parkland Boulevard
CLEVELAND, OHIO 44124

Table of Contents

INDEX

	PAGE (S)
<u>Report of Independent Registered Public Accounting Firm</u>	<u>F-1</u>
FINANCIAL STATEMENTS	
<u>Statements of Net Assets Available for Benefits</u>	<u>F-2</u>
<u>Statement of Changes in Net Assets Available for Benefits</u>	<u>F-3</u>
<u>Notes to Financial Statements</u>	<u>F-4—F-10</u>
SUPPLEMENTAL SCHEDULE	
<u>Schedule H, Line 4i—Schedule of Assets (Held at End of Year)</u>	<u>F-11</u>

Table of Contents

EXHIBITS

Exhibit Number	Description
23.1	Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP
*	Other supplemental schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable

Table of Contents

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Individual Account Retirement Plan of Park-Ohio
Industries, Inc. and its Subsidiaries

Date: June 18, 2014

By /s/ W. Scott Emerick

Name: W. Scott Emerick

Title: Vice President and Chief Financial
Officer

Table of Contents

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE

Individual Account Retirement Plan of Park-Ohio
Industries, Inc. and its Subsidiaries
December 31, 2013 and 2012
With Report of Independent Registered Public Accounting Firm

Table of Contents

Individual Account Retirement Plan of Park-Ohio
Industries, Inc. and its Subsidiaries

Audited Financial Statements and Supplemental Schedule
December 31, 2013 and 2012
Contents

Report of Independent Registered Public Accounting Firm F-1

Financial Statements

Statements of Net Assets Available for Benefits F-2

Statement of Changes in Net Assets Available for Benefits F-3

Notes to Financial Statements F-4

Supplemental Schedule

Schedule H, Line 4i – Schedule of Assets (Held at End of Year) F-11

Table of Contents

Report of Independent Registered Public Accounting Firm

The Plan Administrative Committee

Individual Account Retirement Plan of

Park-Ohio Industries, Inc. and its Subsidiaries

We have audited the accompanying statements of net assets available for benefits of the Individual Account Retirement Plan of Park-Ohio Industries, Inc. and its Subsidiaries (the "Plan") as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2013 and 2012, and the changes in its net assets available for benefits for the year ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2013 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Cleveland, Ohio

June 18, 2014

Table of Contents

Individual Account Retirement Plan of Park-Ohio
Industries, Inc. and its Subsidiaries

Statements of Net Assets Available for Benefits

	December 31, 2013	2012
Assets		
Participant-directed investments, at fair value	\$91,647,568	\$74,926,944
Receivables:		
Notes receivable from participants	1,492,956	1,488,470
Employee contributions	363,793	340,479
Total receivables	1,856,749	1,828,949
Net assets available for benefits	\$93,504,317	\$76,755,893
See accompanying notes.		

Table of ContentsIndividual Account Retirement Plan of Park-Ohio
Industries, Inc. and its SubsidiariesStatement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2013

Additions	
Investment income:	
Dividends and interest	\$3,522,553
Interest income on notes receivable from participants	55,744
Net appreciation in fair value of investments	14,490,581
Contributions:	
Participants	5,054,475
Rollovers	913,890
Employer	2,118
	5,970,483
Total additions	24,039,361
Deductions	
Distributions to participants	7,109,846
Corrective distributions	73,420
Trustee fees and expenses	107,671
Total deductions	7,290,937
Net increase	16,748,424
Net assets available for benefits:	
Beginning of year	76,755,893
End of year	\$93,504,317
See accompanying notes.	

Table of Contents

Individual Account Retirement Plan of Park-Ohio
Industries, Inc. and its Subsidiaries

Notes to Financial Statements

December 31, 2013 and 2012 and

Year Ended December 31, 2013

1. Significant Accounting Policies

Basis of Accounting

The accounting records of the Individual Account Retirement Plan of Park-Ohio Industries, Inc. and its Subsidiaries (the "Plan") are maintained on the accrual basis in accordance with accounting principles generally accepted in the United States ("GAAP").

Investment Value and Income Recognition

All investments are under the control and management of The Charles Schwab Trust Company, Plan Trustee.

Purchases of investments are recorded at cost and revalued to market value at the close of each business day by the Plan Trustee. All investments of the Plan are participant directed.

Investment income and realized and unrealized gains and losses are reported as net income derived from investment activities and are allocated among the individual accounts in proportion to their respective balances immediately preceding the valuation date.

Realized gains and losses are calculated based upon historical cost of securities using the average cost method.

The investments in common stock are stated at fair value, which equals the quoted market price on the last business day of the plan year. The fair value of the participation units held by the Plan in the mutual funds and common/collective fixed income investment funds are based on quoted redemption values on the last business day of the plan year. Purchases and sales of securities are recorded on a settlement-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes and supplemental schedule. Actual results could differ from those estimates.

2. Description of Plan

The Plan, adopted by Park-Ohio Industries, Inc. (the "Company"), a wholly-owned subsidiary of Park-Ohio Holdings Corp., was originally effective January 1, 1985 and last restated on April 10, 2009 and is a defined contribution plan. The Plan generally provides that an employee who is in service of a division or group to which the Company has extended eligibility for membership in the Plan (other than a temporary employee or employees covered by a collective bargaining agreement that does not specify coverage under the Plan) will be eligible to participate after completion of the probationary period which generally occurs after 30 days of continuous employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Individual accounts are maintained for all participants. All amounts are credited or charged to an account in terms of full and fractional investment units at the investment unit values determined as of the transaction date. Each participant designates how his share of the contributions is to be allocated among the investment funds of the Plan.

The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

The Plan provides for contributions to be made to the Plan pursuant to a qualified cash or deferred arrangement under Section 401(k) of the Internal Revenue Code (the "Code"). If a participant elects to have contributions made for the participant pursuant to such an arrangement, the participant's compensation is reduced by the amount of such contributions elected and the employer makes plan contributions equal to the amount of the reduction.

The Company may terminate the Plan at any time by resolution of its Board of Directors, subject to the provisions of ERISA. In the event of the termination of the Plan, the beneficial interests of all participants under the Plan shall become fully vested.

Table of Contents

Individual Account Retirement Plan of Park-Ohio
Industries, Inc. and its Subsidiaries
Notes to Financial Statements (continued)

Information about the Plan is contained in the plan document, which is available from the Company's Plan Administrative Committee.

3. Contributions

Contributions by employees to the Plan are made via payroll deductions. Employees may contribute up to 80% of their compensation on a pretax basis. Excluding catch-up contributions for eligible participants, contributions by employees may not exceed \$17,500, the Internal Revenue Service maximum contribution for 2013. Employee contributions are fully vested and nonforfeitable at all times.

The Plan provides for discretionary uniform rates of employer contributions for eligible employees, which generally include nonbargaining unit employees of the Company, so that each participant is entitled to basic contributions equal to 2% of credited compensation paid by the employer. The basic contribution is allocated among the investment options based on individual participant's investment allocation designation. During March 2009, the Company indefinitely suspended its contributions to the Plan.

Corrective distributions to participants represent current year contributions and earnings on such deposits that must be returned to employees to ensure Plan compliance with additional limitations in the Code on contributions by highly compensated individuals.

Participants of the Plan can make changes to their account through Schwab Retirement Plan Services, Inc. The current provision of the system permits a participant to change investment allocation percentages daily and change payroll deferral percentages on the first day of every month.

4. Notes Receivable from Participants

A participant may borrow from employee 401(k) contributions and earnings a minimum of \$1,000 and a maximum of the lesser of 50% of the participant's eligible account or \$50,000. Loan repayments are made via payroll deductions on after-tax dollars, which commence thirty to sixty days after receipt and acceptance of the loan check. Terms of the participant loans are five years for a personal loan and fifteen years for a mortgage loan, with interest payable at prime plus 1%. Interest rates on participant loans at December 31, 2013 range from 3.25% to 9.25% with maturities of varying dates.

Table of Contents

Individual Account Retirement Plan of Park-Ohio
Industries, Inc. and its Subsidiaries
Notes to Financial Statements (continued)

5. Investments

Investments that represent 5% or more of fair value of the Plan's net assets are as follows:

	December 31, 2013	2012
Schwab Value Advantage Money Fund	\$ 12,032,485	\$ 12,412,696
American Funds Growth Fund of America R4	9,945,175	7,214,127
Oakmark Equity and Income Fund Class I	9,337,973	7,180,662
American Funds Washington Mutual Investors Fund Class R-4	8,626,628	6,769,855
JP Morgan Core Bond Fund Select Class	7,011,665	9,784,371
Neuberger Berman Genesis Fund Trust Class	6,680,754	4,534,272
Park-Ohio Holdings Corp. Park-Ohio Stock Fund	5,802,926	3,025,538
Templeton World Fund Class A	4,779,925	3,725,157

During 2013, the Plan's investments (including investments purchased and sold, as well as held during the year) appreciated in fair value as determined by quoted market prices as follows:

	Net Appreciation in Fair Value of Investments
Park-Ohio Holdings Corp. Common stock fund	\$ 3,653,493
Mutual funds	9,026,280
Common/collective trusts	1,810,808
Total	\$ 14,490,581

6. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible to the Plan at the measurement date for identical assets and liabilities.
- Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar asset or liabilities in markets that are not active;
 - observable inputs other than quoted prices that are used in the valuation of the assets or liabilities (e.g., interest rate and yield curve quotes at commonly quoted intervals);

Table of Contents

Individual Account Retirement Plan of Park-Ohio
Industries, Inc. and its Subsidiaries
Notes to Financial Statements (continued)

- inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Unobservable inputs for the asset or liability (i.e., supported by little or no market activity).

Level 3 inputs include management’s own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). The Plan had no Level 3 investments during 2013 and 2012.

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Following is a description of the valuation techniques and inputs used for each major class of assets measured at fair value.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value (“NAV”) of shares held by the Plan at year end as determined by the closing price reported on the active market on which the individual securities are traded.

Common/collective trusts: Valued at the NAV of shares held by the Plan at year end. Common/collective trusts are invested to earn returns that match or exceed U.S. or international equity indexes.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The Plan has not changed its valuation techniques for measuring fair value during the year ended December 31, 2013.

The Plan’s policy is to recognize significant transfers between levels at the actual date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the years presented.

F-7

Table of Contents

Individual Account Retirement Plan of Park-Ohio
Industries, Inc. and its Subsidiaries
Notes to Financial Statements (continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's assets carried at fair value:

	Assets at Fair Value as of December 31, 2013		
	Level 1	Level 2	Total
Mutual funds:			
Large Cap	\$26,719,403	\$—	\$26,719,403
Mid Cap	9,318,522	—	9,318,522
Small Cap	2,031,109	—	2,031,109
Income	9,337,973	—	9,337,973
International	7,074,025	—	7,074,025
Debt	7,011,665	—	7,011,665
Money Market	12,032,485	—	12,032,485
	73,525,182	—	73,525,182
Common/collective trusts:			
Target Retirement Date	—	12,319,460	12,319,460
Common stock fund:			
Domestic Small Cap	5,802,926	—	5,802,926
Total assets at fair value	\$79,328,108	\$12,319,460	\$91,647,568

	Assets at Fair Value as of December 31, 2012		
	Level 1	Level 2	Total
Mutual funds:			
Large Cap	\$20,022,887	\$—	\$20,022,887
Mid Cap	6,461,376	—	6,461,376
Small Cap	1,168,232	—	1,168,232
Income	7,180,662	—	7,180,662
International	5,482,526	—	5,482,526
Debt	9,784,371	—	9,784,371
Money Market	12,412,696	—	12,412,696
	62,512,750	—	62,512,750
Common/collective trusts:			
Target Retirement Date	—	9,388,656	9,388,656
Common stock fund:			
Domestic Small Cap	3,025,538	—	3,025,538
Total assets at fair value	\$65,538,288	\$9,388,656	\$74,926,944

The carrying value of receivables approximates fair value at December 31, 2013 and 2012.

At December 31, 2013, the Plan had no unfunded commitments related to common/collective trust funds. The redemption of common/collective trust funds is subject to the preference of individual Plan participants and, with the exception of the American Funds Growth Fund of America R4 ("American Funds"), contain no restrictions on the timing of redemption, however, participant redemptions may be subject to certain redemption fees. The American Funds contain a restriction, whereby, if the shareholder sells \$5,000 or more in shares, they are restricted from purchasing back into the investment for 30 days.

Table of Contents

Individual Account Retirement Plan of Park-Ohio
Industries, Inc. and its Subsidiaries
Notes to Financial Statements (continued)

7. Benefits

A participant is entitled to receive the full value of his or her account upon (1) normal retirement at age 65; (2) attainment of at least age 55 and 10 years of service; (3) death, or total and permanent disability as determined by the plan administrator upon the basis of competent medical opinion, or (4) termination of employment after six years of credited service. Such benefits may be paid in a lump sum cash payment, an elective installment option or an elective annuity option. Distributions to participants are recognized when paid.

In the event of termination of employment, a participant has a vested right in the participant's share of the Company's contributions determined as follows:

Credited Vesting Service	Vested Percentage	
Less than 2 years	0	%
At least 2 years but less than 3 years	20	%
At least 3 years but less than 4 years	40	%
At least 4 years but less than 5 years	60	%
At least 5 years but less than 6 years	80	%
6 years or more	100	%

The portion of the Company's contributions that are not vested in such terminated participants will generally be forfeited and may be used to reduce the Company's obligations to the Plan. The total forfeited contributions by participants of the Plan was \$32,710 during 2013.

A participant may withdraw in cash a portion of the participant's contributions subject to certain limitations and restrictions. The hardship withdrawal may be used to purchase a principal residence, avoid foreclosure on a mortgage or eviction, or pay bona fide medical, education, funeral or repair of residence expenditures.

8. Related-Party Transactions

Certain plan investments are mutual funds or common collective trust funds managed by the Plan Trustee. Therefore, these transactions qualify as party in interest. Fees paid by the Plan for the investment management and trustee services amounted to \$107,671 and \$77,197 for the years ended December 31, 2013 and 2012, respectively.

At December 31, 2013 and 2012, the Plan held 253,624 and 315,160 units of Park-Ohio Holdings Corp. common stock fund with a fair value of \$5,802,926 and \$3,025,538, respectively.

9. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service ("IRS") dated May 11, 2009, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation.

Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes the Plan, is qualified and the related trust is tax exempt. On March 11, 2013, the Plan's sponsor was notified by the IRS that our application for an updated determination letter was in process.

GAAP requires plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2010.

Table of Contents

Individual Account Retirement Plan of Park-Ohio

Industries, Inc. and its Subsidiaries

Notes to Financial Statements (continued)

10. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

F-10

Table of Contents

Supplemental Schedule

Individual Account Retirement Plan of Park-Ohio
Industries, Inc. and its Subsidiaries
EIN #34-6520107 Plan #011
Schedule H, Line 4i – Schedule of Assets
(Held at End of Year)
December 31, 2013

(a) Borrower, Lessor, or Similar Party	(b) Identity of Issuer, Common Stock Fund	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity value	(e) Current Value
*	Park-Ohio Holdings Corp.	253,624 units of Park-Ohio Stock Fund	\$5,802,926
Mutual Funds			
*	Schwab	12,032,485 shares of Value Advantage Money Fund	12,032,485
	American Funds	232,799 shares of Growth Fund of America R4	9,945,175
	Oakmark	286,002 shares of Equity and Income Fund Class I	9,337,973
	American Funds	219,619 shares of Washington Mutual Investors Fund Class R-4	8,626,628
	JP Morgan	611,305 shares of Core Bond Fund Select Class	7,011,665
	Neuberger Berman	103,461 shares of Genesis Fund Trust Class	6,680,754
	Templeton	246,261 shares of World Fund Class A	4,779,925
*	Schwab	134,265 shares of S&P 500 Index Fund	3,873,541
	Lord Abbett	113,258 shares of Mid Cap Stock Fund Class A	2,637,768
	Calamos	52,944 shares of Growth Fund Class A	2,486,765
	American Funds	47,615 shares of Europacific Growth Fund Class R-4	2,294,100
	PNC	104,859 shares of Multi Factor Small Cap Value Class I	2,031,109
	Jensen	47,308 shares of Quality Growth Fund Class J	1,787,294
Common/Collective Trusts			
*	Schwab	45,829 units of Managed Retirement Trust Fund 2010 Class II	920,245
*	Schwab	179,491 units of Managed Retirement Trust Fund 2020 Class II	4,036,745
*	Schwab	142,284 units of Managed Retirement Trust Fund 2030 Class II	3,470,299
*	Schwab	131,393 units of Managed Retirement Trust Fund 2040 Class II	3,332,116
*	Schwab	31,334 units of Managed Retirement Trust Fund 2050 Class II	428,020
*	Schwab	8,669 units of Managed Retirement Trust Income Fund Class II	132,035
Total investments, at fair value			\$91,647,568
*	Participant loans	Varying maturity dates with interest rates ranging from 3.25% to	\$1,492,956

9.25%

* Indicates party-in-interest to the Plan.

(d) Cost – not required

F-11