



CITY OF TRENTON, OHIO

Basic Financial Statements

Year Ended December 31, 2015

With Independent Auditors' Report



Dave Yost • Auditor of State

Members of Council
City of Trenton
11 East State Street
Trenton, Ohio 45067

We have reviewed the Independent Auditor's Report of the City of Trenton, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Trenton is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 24, 2016

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Trenton:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Trenton ("the City"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Trenton as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Street Fund, and the Fire Levy Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standards

As discussed in Note 3 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of net pension liabilities and pension contributions on pages 4 through 15, and 72 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2016 on our consideration of City of Trenton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 City of Trenton's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 26, 2016

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CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

The discussion and analysis of the City of Trenton's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2015. While the intent of this discussion and analysis is to look at the City's financial performance as a whole, readers should also review the basic financial statements and notes to enhance their understanding of the City's fiscal performance.

Financial Highlights

Key highlights for 2015 are as follows:

- Total assets and deferred outflows of the City exceeded its total liabilities and deferred inflows at the close of the year ended December 31, 2015, by \$11,563,317 (net position). This amount was reduced by the negative governmental unrestricted net position which resulted from the City's reporting of \$3,055,920 of net pension liability in the governmental type activities.
- The City's net position increased by \$1,663,181, which represents a 16.80% increase from 2014. The increase was split almost equally across the governmental and business type activities.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$4,672,900. Of this amount \$1,614,647 is available for spending (unassigned General Fund balance) on behalf of its citizens, mainly for the necessary services, such as law enforcement and general government operations.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,614,647, or 58.95% of total General Fund expenditures.
- The City's major enterprise funds reflected positive ending net positions: Water Fund \$983,577; Sewer Fund \$2,748,122; and Refuse Fund \$407,581.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Trenton as a complete operating entity.

The Statement of Net Position and Statement of Activities present both an aggregate view of the City's finances and longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

***CITY OF TRENTON, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)***

Reporting City of Trenton as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, “How did we do financially during 2015?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year’s revenues and expenses regardless of when the cash is received or paid.

These two statements report the City’s net position and the change in that position. This change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, nonfinancial information such as changes in the City’s tax base and the condition of City capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- Governmental Activities – Most of the City’s services are reported here, including police, social services programs, administration, and all departments with the exception of our water, sewer, refuse, utility deposits and stormwater management functions.
- Business-Type Activities – These services have a charge based upon the amount of usage. The City charges fees to recoup the cost of the entire operation of our water, sewer, refuse, utility deposits and stormwater management systems as well as all capital expenses associated with these facilities.
- Component units are legally separate entities that the City has voting control over or fiscal responsibility for the entity. The City presents one component unit.

Reporting the City of Trenton’s Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial reports provide detailed information about the City’s major funds. Based on restrictions

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

on the use of monies, the City has established many funds which account for the multitude of services provided to our residents.

However, these fund financial statements focus on the City's most significant funds. In the case of Trenton, our major funds are the General, Street, Fire Levy, Water, Sewer and Refuse funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds: The City maintains only one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, Refuse, Utility Deposits and Stormwater Management operations.

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. The City maintains one fiduciary agency fund: Municipal Mayor's Court that accounts for the collection and distribution of court fines and forfeitures. The agency fund has no measurement focus and uses the full accrual basis of accounting.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$11,563,317 (\$6,985,028 in governmental activities and \$4,578,289 in business-type activities) as of December 31, 2015. The City reflects an investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding of \$4,815,754. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Table 1 provides a summary of the City's statement of net position for 2015 compared to 2014.

	Governmental Activities		Business-Type Activities		Total	
	Restated		Restated		Restated	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$7,241,198	\$7,303,927	\$6,991,599	\$4,428,479	\$14,232,797	\$11,732,406
Capital Assets	4,551,754	4,645,904	9,742,775	9,684,118	14,294,529	14,330,022
Total Assets	11,792,952	11,949,831	16,734,374	14,112,597	28,527,326	26,062,428
Deferred Outflow	428,328	243,235	493,407	469,919	921,735	713,154
Total Assets and Deferred Outflows	12,221,280	12,193,066	17,227,781	14,582,516	29,449,061	26,775,582
Long-term liabilities	3,687,296	4,233,564	12,129,664	10,514,305	15,816,960	14,747,869
Other liabilities	170,107	323,649	504,264	384,818	674,371	708,467
Total Liabilities	3,857,403	4,557,213	12,633,928	10,899,123	16,491,331	15,456,336
Deferred Inflow	1,378,849	1,419,110	15,564	0	1,394,413	1,419,110
Total Liabilities and Deferred Inflows	5,235,252	5,976,323	12,649,492	10,899,123	17,885,744	16,875,446
Net Position:						
Net Investment in Capital Assets	4,128,754	3,463,904	687,000	159,880	4,815,754	3,623,784
Restricted	3,311,958	3,034,837	0	0	3,311,958	3,034,837
Unrestricted	(455,684)	(281,998)	3,891,289	3,523,513	3,435,605	3,241,515
Total Net Position	\$6,985,028	\$6,216,743	\$4,578,289	\$3,683,393	\$11,563,317	\$9,900,136

During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
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In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation along with other adjustments listed in Note 3 also had the effect of restating governmental activities net position at December 31, 2014, from \$8,770,448 to \$6,216,743 and restating business-type activities net position at December 31, 2014, from \$4,421,762 to \$3,683,393.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represented \$3,311,958 or 28.64% of net position. The remaining unrestricted \$3,435,605 net position may be used to meet the City's ongoing obligations to its citizens and creditors and for business-type activities.

During 2015, the City saw the cash and cash equivalents (current and other assets) increase almost 28% from last year as the City operated very efficiently. The City reported a net pension liability of almost \$4 million which saw a slight increase from December 31, 2014. The main reason the liabilities increased relates to two bond anticipation notes being outstanding at December 31, 2015 with the secondary issuance occurring on December 29.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$467,831	\$577,719	\$4,734,349	\$4,490,596	\$5,202,180	\$5,068,315
Operating Grants and Contributions	714,079	1,914,259	0	0	714,079	1,914,259
General Revenues:						
Income Taxes	1,713,077	1,686,976	0	0	1,713,077	1,686,976
Property Taxes	1,163,495	1,169,101	0	0	1,163,495	1,169,101
Other Taxes	383,153	414,011	0	0	383,153	414,011
Unrestricted Grants	454,489	322,983	0	0	454,489	322,983
Investment Earnings	26,629	21,719	971	30,981	27,600	52,700
Other Revenues	117,098	40,270	0	0	117,098	40,270
Total Revenues	5,039,851	6,147,038	4,735,320	4,521,577	9,775,171	10,668,615
Expenses:						
Security of Persons and Property	2,956,802	2,739,539	0	0	2,956,802	2,739,539
Public Health and Welfare	59,613	37,980	0	0	59,613	37,980
Leisure Time Activities	110,553	93,647	0	0	110,553	93,647
Community Environment	187,261	169,882	0	0	187,261	169,882
Transportation	384,634	553,164	0	0	384,634	553,164
General Government	548,296	494,264	0	0	548,296	494,264
Other	18,183	156,065	0	0	18,183	156,065
Interest and Fiscal Charges	6,225	10,029	0	0	6,225	10,020
Water	0	0	1,506,493	1,308,862	1,506,493	1,308,862
Sewer	0	0	1,161,120	1,150,288	1,161,120	1,150,288
Stormwater Management	0	0	244,133	213,828	244,133	213,828
Refuse	0	0	928,678	876,995	928,678	876,995
Utility Trust	0	0	0	52,513	0	52,513
Total Expenses	4,271,566	4,254,571	3,840,424	3,602,486	8,111,990	7,857,057
Change in Net Position	768,285	1,892,467	894,896	919,091	1,663,181	2,811,558
Beginning Net Position	8,770,448	6,908,981	4,421,762	3,615,427	13,192,210	10,524,408
Restatement	(2,553,705)	(31,000)	(738,369)	(112,756)	(3,292,074)	(143,756)
Ending Net Position	\$6,985,028	\$8,770,448	\$4,578,289	\$4,421,762	\$11,563,317	\$13,192,210

Governmental Activities

The main focus of governmental activities is security of persons and property, which represents the police and fire services of the City. For 2015, the expenses were \$2.96 million, representing 69.22% (compared to 64.39% for 2014) of governmental activity spending, yielding a reliance on general revenues to fund the program of approximately \$2.74 million after direct support to their programs.

The transportation function was the only function to generate a positive activity when comparing program revenues. The transportation function received \$712,806 in operating grants while the majority of the expenses were capitalized as part of the road construction projects.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Business-Type Activities

The City's business-type activities include the water, sewer, refuse, utility deposits and stormwater management systems. Except for stormwater management, all of the individual business-type activities had sufficient revenues to cover expenses. The water and sewer activities account for 92% of the change in net position.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The focus of these City funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements as well as its ability to meet the needs of its citizens. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of 2015, the City's governmental funds reported combined ending fund balances of \$4.67 million (up from \$4.59 million in 2014). Approximately \$1.61 million constitutes unassigned fund balance in the General Fund available for spending for citizens. The remainder of the balance is subject to a particular revenue source under GASB 54 to indicate that it has been spoken for already and not available to be spent for a variety of purposes.

The General Fund is the chief operating fund of the City. As of December 31, 2015, the unassigned General Fund balance was \$1.61 million with a total fund balance of \$1.73 million. As a measure of liquidity, it is often useful to compare these numbers to total General Fund expenditures. Unassigned fund balance represents approximately 59% of the total expenditures, while total fund balance represents 63% of that same amount.

During 2015, the City's General Fund ending balance increased by \$143,721 despite providing transfers out of \$102,500. The City increased the income tax collections by almost 8% from 2014 (GAAP basis) and reduced the overall expenditures by almost 5%.

The City's other major governmental funds are the Street Fund and Fire Levy. The Street Fund receives the majority of revenue from gas tax and motor vehicle licenses intergovernmental receipts (96.25%). The Street Fund is also responsible for maintenance on most of the City streets. For 2015, revenues were less than expenditures by \$734,102 although long term note proceeds actually resulted in the fund balance decreasing. The City passed a fund balance policy that states the Street Fund will maintain a cash balance of one year's operating expenditures. The Street Fund's ending cash balance was 80.77% (up from 54.10% in 2014) of the current year cash expenditures for the transportation function.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

The Fire Levy Fund's main source of revenue since 2013 is now the property tax levy which resulted in 70.41% of all revenues. Including the EMS charges, which account for 17.44% of revenues, the fund balance increased by \$398,224.

The City saw the fund balance in the nonmajor funds increase by \$208,507, with General Fund transfers of \$102,500 into those nonmajor funds to help support the specific programs. This was also aided by the long term note proceeds maintained in the other funds.

General Fund Budgeting Highlights

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

During the course of 2015, the City amended its total and General Fund budget several times, the most significant noted below. All recommendations for the budget came from the City Manager after consultation with individual directors and the Finance Department before submission to City Council. The City Council also ministerially approves small interdepartmental budget changes that modify line items within departments within the same fund.

With the General Fund supporting a majority of our major activities such as public safety programs, as well as most legislative and executive activities, the General Fund is monitored closely, looking for possible revenue shortfalls or over spending by individual departments.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

The following table summarizes the major revenue sources and expenditures from original to final budget for 2015:

Description	Original Budget	Final Budget	Change
Revenues:			
Property and Other Taxes	\$510,000	\$510,000	\$0
Income Taxes	1,563,710	1,664,844	101,134
Intergovernmental	255,490	255,490	0
Other	446,472	491,472	45,000
Total Revenues	<u>2,775,672</u>	<u>2,921,806</u>	<u>146,134</u>
Expenditures:			
Security of Persons/Property	2,002,068	2,126,069	124,001
Public Health and Welfare	87,304	87,304	0
Community Environment	210,009	212,009	2,000
General Government	539,800	439,800	(100,000)
Other Expenditures	162,474	174,974	12,500
Total Expenditures	<u>3,001,655</u>	<u>3,040,156</u>	<u>38,501</u>

The City amended the original revenue budget several times as the City realized the total revenue would be more for income tax and other revenues

For expenditures, the City increased the security of persons and property line item anticipating additional capital expenditures for the final budget figure. The City did reduce the general government expenditures significantly as the expenditures were delayed as the City worked towards meeting the new fund balance minimums.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

The following table summarizes the major revenue sources and expenditures from final budget to actual results for 2015:

Description	Final Budget	Actual	Change
Revenues:			
Property and Other Taxes	\$510,000	\$479,242	(\$30,758)
Income Taxes	1,664,844	1,753,796	88,952
Intergovernmental Revenue	255,490	270,955	15,465
Other Revenues	491,472	462,540	(28,932)
Total Revenues	2,921,806	2,966,533	44,727
Expenditures:			
Security of Persons/Property	2,126,069	2,063,764	62,305
Public Health and Welfare	87,304	59,232	28,072
Community Environment	212,009	173,360	38,649
General Government	439,800	456,486	(16,686)
Other Expenditures	174,974	14,522	160,452
Total Expenditures	3,040,156	2,767,364	272,792

The City's final revenues were within 1.53% of the final budget. The City's continued efforts to update the estimated certificate allowed these amounts to remain close although income taxes continued to improve during the year.

As stated above, the City continued to reduce final expenditures across most functions from final budget amounts in an effort to protect the City's operating fund balance and meet the new fund balance policy. The City emphasized reducing the operating budget by year end and was successful in bringing actual costs in under that economic decision. For fiscal year 2015, this effort resulted in bringing actual expenses in over \$272,000 less than what was budgeted. The largest variance was in other expenditures, mainly what the City refers to as special appropriations.

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets for its governmental and business type activities as of December 31, 2015, amounts to \$4.81 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, equipment and machinery.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Note 9 (Capital Assets) provides capital asset activity during 2015. The City has had limited funding to provide for governmental capital asset acquisition and construction. The City saw governmental-type activities capital assets decrease by \$94,150 after current year depreciation and net disposals exceeded capital additions. For more information on the governmental and business-type capital assets see Note 9 in the notes to the financial statements.

Long-term Debt: At the end of 2015, the City had \$6.60 million in revenue bonds outstanding on the refunding water system improvements bonds. The City has several long term bond anticipation notes outstanding for various projects totaling \$4.4 million. See Notes 14 and 15 for further information on the City's long term and short-term debt.

Economic Factors affecting the City

Located towards the center of Butler County, the City provides the home town appeal to more than 12,000 residents. The City is ideal for those families looking to locate here as the median age of the residents is just over thirty-two. Information is from 2013 www.city-data.com.

The City's largest industries are supported by manufacturing as MillerCoors Brewery is located just outside of the City's southeastern corner. The City's full accrual income tax revenue increased about \$26,000 from 2014 (after increasing \$162,000 between 2013 and 2014). The income tax provides about 58% of the support for the general fund functions of the City (cash basis).

The City continues to promote itself to business owners trying to increase retail and industrial growth. The City's outer limits are prime areas for development and will continue to emphasize those types of developments as the City has focused on creating an industrial park type development in the southeastern corner of the City including upgrading a significant portion of the infrastructure in the area. The City continues to work through its economic development department to market City owned land and other industrial land to insure the City's tax base will grow in the future.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors, investors and elected officials with a general overview of the City's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Trenton Treasurer, 11 East State Street, Trenton, Ohio 45067, (513) 988-6304 or visit the City website at www.ci.trenton.oh.us.

CITY OF TRENTON, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Component Unit</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 4,628,866	\$ 6,330,557	\$ 10,959,423	\$ 125
Receivables (net of allowance for doubtful accounts):				
Taxes - Real and Personal Property	1,235,081	-	1,235,081	-
Taxes - Municipal Income	699,981	-	699,981	-
Accounts	29,640	594,739	624,379	-
Interest	3,433	-	3,433	-
Special Assessments	-	20,267	20,267	-
Payment in Lieu of Taxes	187,110	-	187,110	-
Due from Other Governments	457,087	-	457,087	-
Prepaid Bond Insurance	-	46,036	46,036	-
Nondepreciable Assets:				
Land	423,473	2,508,698	2,932,171	-
Construction In Progress	-	137,506	137,506	-
Depreciable Assets:				
Plant	-	5,427,601	5,427,601	-
Water and Sewer Lines	-	4,613,158	4,613,158	-
Buildings and Improvements	1,915,639	-	1,915,639	-
Improvements other than Buildings	2,448,553	345,196	2,793,749	-
Machinery, Equipment and Vehicles	3,244,107	2,007,912	5,252,019	-
Less: Accumulated Depreciation	(3,480,018)	(5,297,296)	(8,777,314)	-
Total Assets	11,792,952	16,734,374	28,527,326	125
Deferred Outflows of Resources:				
Pensions	428,328	158,311	586,639	-
Deferred Charge on Refunding	-	335,096	335,096	-
Total Deferred Outflow of Resources	428,328	493,407	921,735	-
Liabilities:				
Accounts Payable	35,014	21,463	56,477	-
Contracts Payable	-	189,107	189,107	-
Accrued Wages and Benefits	119,561	50,412	169,973	-
Due to Other Governments	13,578	54,935	68,513	-
Deposits Payable	-	174,263	174,263	-
Accrued Interest Payable	1,954	14,084	16,038	-
Long Term Liabilities due within 1 year	503,520	4,356,526	4,860,046	-
Long Term Liabilities due over 1 year				
Net Pension Liabilities	3,055,920	885,911	3,941,831	-
Other Long Term Liabilities	127,856	6,887,227	7,015,083	-
Total Liabilities	3,857,403	12,633,928	16,491,331	-
Deferred Inflows of Resources:				
Pensions	16,097	15,564	31,661	-
Payments in Lieu of Taxes	187,110	-	187,110	-
Property Tax Levy for Next Fiscal Year	1,175,642	-	1,175,642	-
Total Deferred Outflow of Resources	1,378,849	15,564	1,394,413	-
Net Position:				
Net Investment in Capital Assets	4,128,754	687,000	4,815,754	-
Restricted:				
Transportation	772,432	-	772,432	-
Protection of Citizens	1,610,088	-	1,610,088	-
Debt Service	157,071	-	157,071	-
Capital Improvements	772,367	-	772,367	-
Unrestricted	(455,684)	3,891,289	3,435,605	125
Total Net Position	\$ 6,985,028	\$ 4,578,289	\$ 11,563,317	\$ 125

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government			
				Governmental Activities	Business-Type Activities	Total	
Governmental Activities:							
Security of Persons and Property	\$ (2,956,802)	\$ 211,093	\$ 1,273	\$ (2,744,436)	\$ -	\$ (2,744,436)	\$ -
Public Health and Welfare	(59,613)	-	-	(59,613)	-	(59,613)	-
Leisure Time Activities	(110,553)	34,295	-	(76,258)	-	(76,258)	-
Community Environment	(187,261)	27,260	-	(160,001)	-	(160,001)	-
Transportation	(384,634)	-	712,806	328,172	-	328,172	-
General Government	(548,296)	111,038	-	(437,258)	-	(437,258)	-
Other Expenditures	(18,183)	84,145	-	65,962	-	65,962	-
Interest and Fiscal Charges	(6,225)	-	-	(6,225)	-	(6,225)	-
Total Governmental Activities	<u>(4,271,566)</u>	<u>467,831</u>	<u>714,079</u>	<u>(3,089,656)</u>	<u>-</u>	<u>(3,089,656)</u>	<u>-</u>
Business-Type Activities:							
Water	(1,506,493)	1,943,908	-	-	437,415	437,415	-
Sewer	(1,161,120)	1,549,052	-	-	387,932	387,932	-
Stormwater Management	(244,133)	219,450	-	-	(24,683)	(24,683)	-
Refuse	(928,678)	1,020,352	-	-	91,674	91,674	-
Utility Trust	-	1,587	-	-	1,587	1,587	-
Total Business-Type Activities	<u>(3,840,424)</u>	<u>4,734,349</u>	<u>-</u>	<u>-</u>	<u>893,925</u>	<u>893,925</u>	<u>-</u>
Total	<u>\$ (8,111,990)</u>	<u>\$ 5,202,180</u>	<u>\$ 714,079</u>	<u>(3,089,656)</u>	<u>893,925</u>	<u>(2,195,731)</u>	<u>-</u>
General Revenues:							
Income Taxes				1,713,077	-	1,713,077	-
Property Taxes				1,163,495	-	1,163,495	-
Franchise Fee Taxes				111,353	-	111,353	-
Payment in Lieu of Taxes				185,969	-	185,969	-
Permissive Sales Tax				85,831	-	85,831	-
Grants and Contributions not restricted to specific programs				454,489	-	454,489	-
Unrestricted investment earnings				26,629	971	27,600	-
Miscellaneous				117,098	-	117,098	-
Total General Revenues				<u>3,857,941</u>	<u>971</u>	<u>3,858,912</u>	<u>-</u>
Changes in Net Position				768,285	894,896	1,663,181	-
Net Position - Beginning (Restated)				6,216,743	3,683,393	9,900,136	125
Net Position - Ending				<u>\$ 6,985,028</u>	<u>\$ 4,578,289</u>	<u>\$ 11,563,317</u>	<u>\$ 125</u>

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	General	Street	Fire Levy	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 1,689,910	\$ 389,726	\$ 1,421,482	\$ 1,127,748	\$ 4,628,866
Receivables (net of allowance for doubtful accounts):					
Taxes - Real and Personal Property	511,884	-	723,197	-	1,235,081
Taxes - Municipal Income	699,981	-	-	-	699,981
Accounts	29,640	-	-	-	29,640
Interest	3,433	-	-	-	3,433
Payment in Lieu of Taxes	-	-	-	187,110	187,110
Due from Other Governments	128,410	236,470	51,318	40,889	457,087
Total Assets	3,063,258	626,196	2,195,997	1,355,747	7,241,198
Liabilities:					
Accounts Payable	24,435	6,364	4,215	-	35,014
Accrued Wages and Benefits	94,657	13,053	11,851	-	119,561
Due to Other Governments	13,578	-	-	-	13,578
Total Liabilities	132,670	19,417	16,066	-	168,153
Deferred Inflows of Resources:					
Property Tax Levy for Next Fiscal Year	487,028	-	688,614	-	1,175,642
Delinquent Property Tax	24,856	-	34,583	-	59,439
Payments in Lieu of Taxes	-	-	-	187,110	187,110
Income Taxes	551,246	-	-	-	551,246
Intergovernmental Revenue	112,576	198,876	51,318	34,526	397,296
Miscellaneous revenues	29,412	-	-	-	29,412
Total Deferred Inflows of Resources:	1,205,118	198,876	774,515	221,636	2,400,145
Fund Balances:					
Nonspendable	1,523	-	-	-	1,523
Restricted	-	407,903	1,405,416	1,062,700	2,876,019
Assigned	109,300	-	-	71,411	180,711
Unassigned	1,614,647	-	-	-	1,614,647
Total Fund Balances	1,725,470	407,903	1,405,416	1,134,111	4,672,900
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,063,258	\$ 626,196	\$ 2,195,997	\$ 1,355,747	\$ 7,241,198

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
DECEMBER 31, 2015**

Fund Balances - Governmental Funds		\$ 4,672,900
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		4,551,754
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows in the funds.		1,037,393
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	428,328	
Deferred Inflows - Pension	(16,097)	
Net Pension Liability	<u>(3,055,920)</u>	
Total		(2,643,689)
Long-term liabilities, including notes payable are not due and payable in the current period and therefore are not reported in the funds.		<u>(633,330)</u>
Net Position of governmental activities		<u>\$ 6,985,028</u>

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Street	Fire Levy	Other Governmental Funds	Total Governmental Funds
Revenues:					
Income Taxes	\$ 1,736,789	\$ -	\$ -	\$ -	\$ 1,736,789
Property and Other Taxes	479,242	-	677,178	-	1,156,420
Intergovernmental	271,552	711,386	109,172	87,595	1,179,705
Charges for Services	111,185	-	167,697	-	278,882
Licenses and Permits	73,404	-	-	-	73,404
Investment Earnings	21,628	846	3,615	540	26,629
Special Assessments	83,445	-	-	-	83,445
Fines and Forfeitures	84,160	-	-	3,430	87,590
Payment in Lieu of Taxes	-	-	-	185,969	185,969
All Other Revenues	123,723	25,611	4,061	19,513	172,908
Total Revenues	2,985,128	737,843	961,723	297,047	4,981,741
Expenditures:					
Current:					
Security of Persons and Property	1,973,784	-	571,362	99,864	2,645,010
Public Health and Welfare	52,265	-	-	-	52,265
Leisure Time Activities	80,812	-	-	-	80,812
Community Environment	168,321	-	-	-	168,321
Transportation	-	400,090	-	-	400,090
General Government	447,105	-	-	-	447,105
Other	16,620	-	-	-	16,620
Capital Outlay	-	258,886	-	98,346	357,232
Debt Service:					
Principal Retirement	-	806,333	201,334	134,333	1,142,000
Interest and Fiscal Charges	-	6,636	2,803	2,497	11,936
Total Expenditures	2,738,907	1,471,945	775,499	335,040	5,321,391
Excess (Deficiency) of Revenues Over (Under) Expenditures	246,221	(734,102)	186,224	(37,993)	(339,650)
Other Financing Sources (Uses):					
Proceeds from Long Term Notes	-	67,000	212,000	144,000	423,000
Transfers - In	-	-	-	102,500	102,500
Transfers - Out	(102,500)	-	-	-	(102,500)
Total Other Financing Sources (Uses)	(102,500)	67,000	212,000	246,500	423,000
Change in Fund Balance	143,721	(667,102)	398,224	208,507	83,350
Fund Balances at Beginning of Year	1,581,749	1,075,005	1,007,192	925,604	4,589,550
Fund Balances at End of Year	<u>\$ 1,725,470</u>	<u>\$ 407,903</u>	<u>\$ 1,405,416</u>	<u>\$ 1,134,111</u>	<u>\$ 4,672,900</u>

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Net Change in Fund Balances - total governmental funds	\$	83,350
Amounts reported in governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(94,150)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		58,110
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		724,711
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		287,220
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(267,002)
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(23,954)</u>
Change in net position of governmental activities	\$	<u><u>768,285</u></u>

See accompanying notes to the basic financial statements

THE CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015

GENERAL FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 510,000	\$ 510,000	\$ 479,242	\$ (30,758)
Income Taxes	1,563,710	1,664,844	1,753,796	88,952
Intergovernmental	255,490	255,490	270,955	15,465
Charges for Services	116,000	116,000	111,185	(4,815)
Licenses and Permits	74,621	74,621	62,604	(12,017)
Investment Earnings	18,400	18,400	22,086	3,686
Special Assessments	77,400	77,400	83,445	6,045
Fines and Forfeitures	113,350	113,350	83,460	(29,890)
Other All Revenue	46,701	91,701	99,760	8,059
	<u>2,775,672</u>	<u>2,921,806</u>	<u>2,966,533</u>	<u>44,727</u>
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	2,002,068	2,126,069	2,063,764	62,305
Public Health and Welfare Services	87,304	87,304	59,232	28,072
Community Environment	210,009	212,009	173,360	38,649
General Government	539,800	439,800	456,486	(16,686)
Other	162,474	174,974	14,522	160,452
	<u>3,001,655</u>	<u>3,040,156</u>	<u>2,767,364</u>	<u>272,792</u>
Excess of Revenues Over (Under) Expenditures	(225,983)	(118,350)	199,169	317,519
<u>Other Financing Uses:</u>				
Income Tax Refunds	-	-	(50,262)	(50,262)
Transfers - Out	(134,700)	(134,700)	(162,500)	(27,800)
	<u>(134,700)</u>	<u>(134,700)</u>	<u>(212,762)</u>	<u>(78,062)</u>
Change in Net Position	(360,683)	(253,050)	(13,593)	239,457
Fund Balances at Beginning of Year	1,454,736	1,454,736	1,454,736	-
Prior Year Encumbrances	127,100	127,100	127,100	-
Fund Balances at End of Year	<u>\$ 1,221,153</u>	<u>\$ 1,328,786</u>	<u>\$ 1,568,243</u>	<u>\$ 239,457</u>

See accompanying notes to the basic financial statements

THE CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015

STREET FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 993,565	\$ 721,404	\$ 680,202	\$ (41,202)
Investment Earnings	635	635	846	211
Other All Revenue	8,600	8,600	25,611	17,011
Total Revenue	<u>1,002,800</u>	<u>730,639</u>	<u>706,659</u>	<u>(23,980)</u>
<u>Expenditures:</u>				
Current:				
Transportation	572,925	580,425	482,504	97,921
Debt Service:				
Principal Retirement	806,333	806,333	806,333	-
Interest and Fiscal Charges	6,636	6,636	6,636	-
Total Expenditures	<u>1,993,824</u>	<u>1,676,324</u>	<u>1,598,817</u>	<u>77,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(991,024)	(945,685)	(892,158)	53,527
<u>Other Financing Sources:</u>				
Proceeds of Notes	41,000	41,000	67,000	26,000
Total Other Financing Sources	<u>41,000</u>	<u>41,000</u>	<u>67,000</u>	<u>26,000</u>
Change in Net Position	(950,024)	(904,685)	(825,158)	79,527
Fund Balances at Beginning of Year	972,567	972,567	972,567	-
Prior Year Encumbrances	135,384	135,384	135,384	-
Fund Balances at End of Year	<u>\$ 157,927</u>	<u>\$ 203,266</u>	<u>\$ 282,793</u>	<u>\$ 79,527</u>

See accompanying notes to the basic financial statements

THE CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015

FIRE LEVY FUND

	Budget		Actual	Variance Postive (Negative)
	Initial	Final		
Revenues:				
Property and Other Local Taxes	\$ 716,000	\$ 716,000	\$ 677,178	\$ (38,822)
Intergovernmental	108,000	108,000	109,172	1,172
Charges for Services	180,000	211,652	167,697	(43,955)
Investment Earnings	1,225	1,225	3,615	2,390
Other All Revenue	1,060	960	4,061	3,101
	<u>1,006,285</u>	<u>1,037,837</u>	<u>961,723</u>	<u>(76,114)</u>
Total Revenue				
Expenditures:				
Current:				
Security of Persons and Property	731,405	717,274	603,389	113,885
Debt Service:				
Principal Retirement	201,334	221,334	201,334	20,000
Interest and Fiscal Charges	2,803	4,803	2,803	2,000
	<u>935,542</u>	<u>943,411</u>	<u>807,526</u>	<u>135,885</u>
Total Expenditures				
Excess of Revenues Over Expenditures	70,743	94,426	154,197	59,771
Other Financing Sources:				
Proceeds of Notes	137,666	137,666	212,000	74,334
	<u>137,666</u>	<u>137,666</u>	<u>212,000</u>	<u>74,334</u>
Total Other Financing Sources				
Change in Net Position	208,409	232,092	366,197	134,105
Fund Balances at Beginning of Year	1,019,847	1,019,847	1,019,847	-
Prior Year Encumbrances	24,814	24,814	24,814	-
	<u>1,044,661</u>	<u>1,044,661</u>	<u>1,044,661</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 1,253,070</u>	<u>\$ 1,276,753</u>	<u>\$ 1,410,858</u>	<u>\$ 134,105</u>

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2015**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Assets:					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 2,444,591	\$ 2,766,008	\$ 530,702	\$ 589,256	\$ 6,330,557
Receivables (net of allowances for doubtful accounts)	213,059	199,713	135,483	46,484	594,739
Accounts	-	20,267	-	-	20,267
Special Assessments	2,657,650	2,985,988	666,185	635,740	6,945,563
Total Current Assets	46,036	-	-	-	46,036
<i>Noncurrent Assets:</i>					
Prepaid Bond Insurance	2,508,698	-	-	-	2,508,698
<i>Nondepreciable Capital Assets:</i>					
Land	-	137,506	-	-	137,506
Construction in Progress	5,427,601	-	-	-	5,427,601
<i>Depreciable Capital Assets:</i>					
Plant	2,767,538	1,845,620	-	-	4,613,158
Water and Sewer Lines	238,771	94,470	-	-	345,196
Improvements Other than Buildings	1,102,091	552,946	46,732	11,955	2,007,912
Machinery, Equipment and Vehicles	(3,458,068)	(1,735,482)	(36,277)	(67,489)	(5,297,296)
Less: Accumulated Depreciation	8,586,631	895,060	10,455	250,629	9,742,775
Total Capital Assets (net of accumulated depreciation)	8,632,667	895,060	10,455	250,629	9,788,811
Total Noncurrent Assets	11,290,317	3,881,048	676,640	886,369	16,734,374
Total Assets					
	71,840	46,812	34,538	5,121	158,311
Deferred Outflows of Resources:					
Pensions	335,096	-	-	-	335,096
Deferred Charge on Refunding	406,936	46,812	34,538	5,121	493,407
Total Deferred Outflows of Resources					

**CITY OF TRENTON, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2015**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	\$ 17,773	\$ 2,336	\$ 214	\$ 1,140	\$ 21,463
Contracts Payable	-	137,506	51,601	-	189,107
Accrued Wages and Benefits	22,368	14,249	13,259	536	50,412
Due to Other Governments	480	54,455	-	-	54,935
Accrued Interest Payable	13,484	310	29	261	14,084
Notes Payable	3,666,000	70,000	6,000	241,000	3,983,000
Compensated Absences Payable - Current	19,683	15,265	13,738	2,191	50,876
OPWC Loans Payable - Current	-	42,650	-	-	42,650
Refunded Revenue Bonds Payable - Current	280,000	-	-	-	280,000
Total Current Liabilities	4,019,788	336,771	84,841	245,128	4,686,527
<i>Noncurrent Liabilities:</i>					
Customer Deposits Payable	-	-	-	174,263	174,263
Compensated Absences Payable	26,880	24,105	21,255	3,973	76,214
OPWC Loans Payable	-	554,450	-	-	554,450
Refunded Revenue Bonds Payable	6,256,563	-	-	-	6,256,563
Net Pension Liability	403,359	259,847	194,091	28,614	885,911
Total Noncurrent Liabilities	6,686,802	838,402	215,346	206,850	7,947,401
Total Liabilities	10,706,590	1,175,173	300,187	451,978	12,633,928
Deferred Inflows of Resources:					
Pensions	7,086	4,565	3,410	503	15,564
Net Position:					
Net Investment in Capital Assets	444,956	227,959	4,455	9,630	687,000
Unrestricted	538,621	2,520,163	403,126	429,379	3,891,289
Total Net Position	\$ 983,577	\$ 2,748,122	\$ 407,581	\$ 439,009	\$ 4,578,289

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS				
	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Operating Revenues:					
Charges for Services	\$ 1,935,733	\$ 1,548,933	\$ 1,020,320	\$ 220,729	\$ 4,725,715
Other Operating Revenues	8,175	119	32	308	8,634
Total Operating Revenues	<u>1,943,908</u>	<u>1,549,052</u>	<u>1,020,352</u>	<u>221,037</u>	<u>4,734,349</u>
Operating Expenses:					
Personal Services	560,447	371,166	277,807	42,306	1,251,726
Materials and Supplies	271,892	47,958	16,960	25,547	362,357
Contractual Services	108,640	671,046	593,216	142,802	1,515,704
Other Operating Expenses	152,457	17,096	36,174	4,052	209,779
Depreciation	190,632	50,979	4,460	5,039	251,110
Total Operating Expenses	<u>1,284,068</u>	<u>1,158,245</u>	<u>928,617</u>	<u>219,746</u>	<u>3,590,676</u>
Operating Income	659,840	390,807	91,735	1,291	1,143,673
Non-Operating Revenues (Expenses):					
Investment Earnings	794	-	-	177	971
Interest and Fiscal Charges	(216,963)	(379)	(61)	(325)	(217,728)
Loss on Disposal of Capital Assets	(5,462)	(2,496)	-	(24,062)	(32,020)
Total Non-Operating Revenues (Expenses)	<u>(221,631)</u>	<u>(2,875)</u>	<u>(61)</u>	<u>(24,210)</u>	<u>(248,777)</u>
Change in Net Position	438,209	387,932	91,674	(22,919)	894,896
Total net position - Beginning (Restated)	<u>545,368</u>	<u>2,360,190</u>	<u>315,907</u>	<u>461,928</u>	<u>3,683,393</u>
Total net position - Ending	<u>\$ 983,577</u>	<u>\$ 2,748,122</u>	<u>\$ 407,581</u>	<u>\$ 439,009</u>	<u>\$ 4,578,289</u>

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS				
	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Change in Cash and Cash Equivalents					
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$ 1,877,123	\$ 1,513,483	\$ 1,022,707	\$ 213,568	\$ 4,626,881
Cash Paid for Employee Services and Benefits	(569,611)	(373,939)	(279,837)	(41,932)	(1,265,319)
Cash Paid to Suppliers for Goods and Services	(396,539)	(730,300)	(608,024)	(168,650)	(1,903,513)
Other Operating Revenues	8,348	311	176	18,685	27,520
Other Operating Expenses	(152,746)	(16,714)	(36,595)	(4,069)	(210,124)
Net Cash Provided by Operating Activities	766,575	392,841	98,427	17,602	1,275,445
<u>Cash Flows from Noncapital Financing Activities:</u>					
Cash Received from Assessments	-	731	-	-	731
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Face Value from Sale of Long Term Notes	3,666,000	70,000	6,000	241,000	3,983,000
Acquisition and Construction of Capital Assets	(3,825)	(18,988)	-	(181,468)	(204,281)
Principal Paid on Long Term Notes	(1,961,333)	(59,333)	(6,000)	(49,334)	(2,076,000)
Principal Paid on Revenue Bonds	(275,000)	-	-	-	(275,000)
Principal Paid on OPWC Payable	-	(42,650)	-	-	(42,650)
Interest and Fiscal Charges Paid on All Debt	(194,797)	(956)	(78)	(840)	(196,671)
Net Cash Provided by (Used for) Capital and Related Financing Activities	1,231,045	(51,927)	(78)	9,358	1,188,398
<u>Cash Flows from Investing Activities:</u>					
Interest (net of market fluctuations)	794	-	-	177	971
Net Cash Provided By Investing Activities	794	-	-	177	971
Net Change in Cash and Cash Equivalents	1,998,414	341,645	98,349	27,137	2,465,545
Cash and Cash Equivalents at Beginning of Year	446,177	2,424,363	432,353	562,119	3,865,012
Cash and Cash Equivalents at End of Year	\$ 2,444,591	\$ 2,766,008	\$ 530,702	\$ 589,256	\$ 6,330,557
Net Cash Provided by Operating Activities:					
Operating Income	\$ 659,840	\$ 390,807	\$ 91,735	\$ 1,291	\$ 1,143,673
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation Expense	190,632	50,979	4,460	5,039	251,110
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
(Increase) Decrease in Accounts Receivable	(60,860)	(35,258)	2,531	(7,142)	(100,729)
Decrease in Prepaid Bond Insurance	2,423	-	-	-	2,423
(Decrease) in Accounts Payables	(16,363)	(6,567)	(839)	(898)	(24,667)
Increase in Contracts Payables	-	-	2,522	-	2,522
Increase (Decrease) in Accrued Wages and Benefits	(5,336)	(2,846)	(2,376)	(255)	(10,813)
Increase (Decrease) in Due to Other Governments	-	(4,385)	-	-	(4,385)
Increase (Decrease) in Compensated Absences Payable	(1,474)	2,117	1,464	816	2,923
Increase in Deposits Payable	-	-	-	18,938	18,938
(Decrease) for Pension Related Items	(2,287)	(2,006)	(1,070)	(187)	(5,550)
Total Adjustments	106,735	2,034	6,692	16,311	131,772
Net Cash Provided by Operating Activities	\$ 766,575	\$ 392,841	\$ 98,427	\$ 17,602	\$ 1,275,445

Non-cash disclosure:

The City reports \$137,506 of acquisition and construction of capital assets that are included in contracts payable at year-end.

CITY OF TRENTON, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
DECEMBER 31, 2015

	Agency
Assets:	
Cash and Cash Equivalents in Segregated Accounts	\$ 16,295
Total Assets	16,295
Liabilities:	
Due to Other Governments	16,295
Total Liabilities	\$ 16,295

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. Reporting Entity and Basis of Presentation:

The City of Trenton (the “City”) is a home rule municipal corporation organized under the laws of the State of Ohio that operates under its own charter. The current charter, which provides for a Council - Manager form of government, was adopted in 1971. The seven-member Council is elected to four-year terms. Biennially, Council selects one of its members to serve as Mayor. The Council appoints a City Manager who executes the laws and administers the government of the City. The City Manager appoints all of the department managers of the City, with the exception of the Treasurer, who is appointed by City Council.

Reporting entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds and departments that are not legally separate from the City. For the City, these services include the police force, fire fighting and prevention force, maintenance and construction of public improvements, water and wastewater treatment, recreation and parks, and other general government services.

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 governing 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 has otherwise assumed the responsibility to finance the 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 their budget, the issuance of their debt or the levying of their taxes for the organization. The City has included the Trenton Community Improvement Corporation as a discretely presented component unit.

The Mayor’s Court has been included in the City’s financial statements as an agency fund. The Mayor is the City official who has fiduciary responsibility for the collection and distribution of the court fees and fines.

The City is associated with one organization which is defined as a jointly governed organization, the Ohio-Kentucky-Indiana Regional Council of Governments (OKI). This organization is presented in Note 17 of the Basic Financial Statements.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Discretely Presented Component Units

The component unit column in the government-wide financial statements includes the financial data of the City's component unit. It is reported in a separate column to emphasize that it is legally separate from the City. The following is included as legally separate, discretely presented component of the City:

Trenton Community Improvement Corporation (CIC): The CIC is responsible for advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the City of Trenton. The City Council appoints the voting majority of the board and there is a financial benefit/burden relationship between the CIC and the City. Copies of the CIC financial report are on file at the City's Finance Department.

Basis of presentation – fund accounting

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of inter-fund activity has been removed from these statements. Taxes and intergovernmental revenues normally support governmental activities. *Business type activities* are supported by charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, enterprise funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

2. Summary of Significant Accounting Policies:

The financial statements of the City of Trenton have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Measurement focus and basis of accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the enterprise and fiduciary fund financial statements, although the fiduciary fund statements do not reflect a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is expected to be liquidated with expendable, available resources. However, debt service expenditures including long term notes, as well as compensated absences, are recorded only when payment is due.

Property taxes, income taxes, payments in lieu of taxes, licenses, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the City receives cash.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The City employs the use of three categories of funds: governmental, enterprise, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose of which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

The City reports the following major governmental funds:

General Fund

The General Fund is the City's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

Street Fund

The Street Fund accounts for that portion of the state gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

Fire Levy Fund

The Fire Levy Fund mainly accounts for the tax levy for the fire department and also reports EMS charges the City collects and the services provided by the fire department.

The City reports the following major enterprise funds:

Water Fund

To account for activities of the City's water system.

Sewer Fund

To account for activities of the City's sewer system.

Refuse Fund

The Refuse Fund accounts for the charges for service and expenses related to garbage collection within the City.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, then unrestricted resources, as they are needed.

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Additionally, the City reports the following fund type:

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: private purpose trust funds, pension trust funds, investment trust funds and agency funds. The City maintains one fiduciary agency fund: Municipal Mayor's Court that accounts for the collection and distribution of court fines and forfeitures. The City's agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

Component Units

Component units are either legally separate organizations for which the elected officials of the City are financially accountable, or legally separate organizations for which the nature and significance of its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Component unit disclosures represent a consolidation of various fund types. The City reported the Community Improvement Corporation as a component unit.

Budgetary data

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 appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated at the fund, department and object level.

Tax budget

A tax budget of estimated revenues and expenditures for all budgeted funds 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.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Estimated resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified with approval of City Council. During the year several supplemental appropriation measures were passed. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are classified within the respective fund balance classification for special revenue and capital projects funds. The general fund reports the amount as assigned fund balance.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Lapsing of appropriations

At the close of each 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 succeeding calendar year and need not be re-appropriated.

Cash and cash equivalents

Cash balances of the City's funds, except cash held by the fiscal agent and restricted cash, are pooled and invested in short-term investments in order to provide improved cash management. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the statement of net position and fund balance sheets. Interest income is distributed to the funds according to Ohio Constitution, state statutes and the City's investment policy that was adopted by local ordinance. Investment income credit to the General Fund during 2015 was \$21,628, which includes \$15,786 assigned from other funds. The Street, Fire Levy, Motor Vehicle License and Indigent Driver's Alcohol Treatment Nonmajor Special Revenue Funds and Water and Utility Deposit Enterprise Funds also received \$846; \$3,615; \$391; \$149; \$794 and \$177 respectively in interest during 2015.

During 2015, investments were limited to STAR Ohio and money market mutual funds. Investments are reported at fair value which is based on quoted market prices.

For purposes of the statement of cash flows and for presentation on the statement of net position, the City's cash management pool and investments with original maturities of three months or less are considered to be cash equivalents. Investments, not part of the cash management pool, with an initial maturity of more than three months are reported as investments.

Capital assets and depreciation

The accounting and reporting treatment applied to capital assets is determined by the ultimate use.

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and funds on the enterprise fund balance sheet. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation. Infrastructure, such as streets, bridges, stormwater systems and dams are capitalized if the life expectancy is five years or more and a designated value exceeding \$25,000.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Plant/Buildings	20-45 Years
Improvements other than Buildings	10-50
Machinery, Equipment, and Vehicles	3-20
Water and Sewer Lines	40-65

The City has elected to not report major general infrastructure assets retroactively which is allowed by GASB Statement No. 34 paragraph 148. The City felt with limited staff time to research the infrastructure maintained by the City the retroactive reporting would not be cost beneficial.

Compensated absences

The City follows the provisions of *Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences"*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees.

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

For governmental funds, the current portion of unpaid compensated absences is the amount normally due for payment during the current year. Matured leave payable in the fund financial statements represents the entire current portion. These amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The entire liability is reported on the government-wide statements. In enterprise funds, the entire amount of unpaid compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

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

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, compensated absences, net pension liability, long term notes payable and general obligations payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be expected to be liquidated with expendable, available financial resources. In general, payments made within thirty-one days after year-end are considered to have been made with current available financial resources. Long-term debt and other obligations financed by enterprise funds are reported as liabilities in the appropriate enterprise fund.

Interfund transactions

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

Transfers are reported as “Other Financing Sources and Uses” in the governmental funds, as “Transfers In” by the recipient fund and “Transfers Out” by the disbursing fund on the fund financial statements. These transfers are consolidated within the governmental and business-type activities columns, and also from the “total” column on the statement of activities.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City.

Capitalization of interest

The City’s policy is to capitalize net interest on enterprise fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2015, no net interest expense was incurred on enterprise fund construction projects.

Fund Balance

The City reports the following categories of fund balance:

- Nonspendable fund balance relates to the value of consumable inventories, prepaids or unclaimed funds.

- Restricted fund balances related to grants, other restricted revenue sources like state shared revenues or charges for specific services are reported as restricted in the fund receiving those resources.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

-Assigned fund balances are balances for which the City administration has specified the future use such as encumbrances and other specific funds without a restricted revenue source.

-Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first then assigned resources when expenditures are incurred for purposes for which either restricted, assigned or unrestricted amounts are available.

Estimates

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

Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows in the statement of net position. Net position investment in net capital assets is capital assets calculated, net of accumulated depreciation and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The City only has two items that qualify for reporting in this category. One is a deferred charge on refunding reported in the government-wide statement of net position and enterprise fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the remaining life of the refunded debt. The City also reports deferred outflows of resources on the government-wide and enterprise fund statements of net position for pension. The deferred outflows of resources related to pension are explained in Note 10.

CITY OF TRENTON, OHIO
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Deferred Inflows of Resources

In addition to liabilities, the statements of financial position, the City reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time.

Property taxes for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance fiscal year 2016 operations, have been recorded as deferred inflows of resources. Payment in lieu of taxes, grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (see Note 10.)

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

Pensions

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

Exchange/Non-Exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

CITY OF TRENTON, OHIO
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Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position.

An element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of \$4,551,754 difference are as follows:

Capital Assets	\$8,031,772
Accumulated Depreciation	(3,480,018)
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$4,551,754

One element of that reconciliation explains that “long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$633,330) difference are as follows:

Long Term Notes Payables	(\$423,000)
Accrued Interest Payable	(1,954)
Compensated Absences	(208,376)
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	(\$633,330)

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The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net position of government activities* as reported in the government-wide statement of activities. One element of that reconciliation states that capital additions are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital outlays and net disposals in the current period. The details of this (\$94,150) are as follows:

Current capital additions	\$160,216
Net loss on disposal of assets	(3,558)
Depreciation Expense	<u>(250,808)</u>
Net Adjustment – capital assets to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>(\$94,150)</u></u>

An element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any affect of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$724,711 are as follows:

Principal paid on long term debt	\$1,142,000
Issuance of long term notes payable	(423,000)
Change in interest payable	<u>5,711</u>
Net Adjustment - current financial resources focus to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u><u>\$724,711</u></u>

CITY OF TRENTON, OHIO
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3. Change in Accounting Principle and Restatement of Net Position

In fiscal year 2014, the City underreported income tax receivable, recognized revenue from payment in lieu of taxes that should have been deferred, and incorrectly recorded accounts payable in the business-type activities and homestead/rollback receivable in the governmental activities. These items were adjusted during 2015 to restate the beginning balance. Also for 2015, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement and prior period adjustments had the following effect on net position as reported December 31, 2014:

	Governmental Activities	Business -Type Activities
Net position December 31, 2014	\$8,770,448	\$4,421,762
Adjustments:		
Recognition of Income Taxes	388,643	-
Deferral of Payment in Lieu of Taxes	(190,160)	-
Removal of Accounts Payable and Homestead/Rollback Rec.	(88,280)	10,345
Net Pension Liability	(2,907,143)	(865,901)
Deferred Outflow - Payments Subsequent to Measurement Date	243,235	117,187
Restated Net Position December 31, 2014	\$6,216,743	\$3,683,393

	Water Fund	Sewer Fund	Refuse Fund	Non-Major Funds
Net position December 31, 2014	\$886,260	\$2,579,796	\$479,940	\$475,766
Adjustments:				
Removal of Accounts Payable	0	0	0	10,345
Net Pension Liability	(394,248)	(253,978)	(189,707)	(27,968)
Deferred Outflow - Payments Subsequent to Measurement Date	53,356	34,372	25,674	3,785
Restated Net Position December 31, 2014	\$545,368	\$2,360,190	\$315,907	\$461,928

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
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4. Budget to GAAP Reconciliation:

Budgetary basis of accounting

While reporting financial positions, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

The Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual (Budget Basis), General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a restriction or assignment of fund balance for governmental funds.
4. The reporting for several funds are classified as general fund (GAAP basis) rather than as special revenue or agency funds (budget basis.)

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

	<u>General Fund</u>	<u>Street Fund</u>	<u>Fire Levy</u>
GAAP Basis	\$143,721	(\$667,102)	\$398,224
Adjustments:			
Revenue Accruals	(33,394)	(31,184)	0
Expenditure Accruals	(34,318)	(19,940)	(21,403)
Encumbrances	(75,505)	(106,932)	(10,624)
Transfers	(60,000)	0	0
Fund Reclassification	45,903	0	0
Budget Basis	<u>(\$13,593)</u>	<u>(\$825,158)</u>	<u>\$366,197</u>

CITY OF TRENTON, OHIO
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5. Deposits 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 following is a list of the allowable investments for the City:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio); and
- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

The City may also invest any moneys not required to be used for period of time of six months or more in the following:

- Bonds of the State of Ohio;

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- Bonds of any municipal corporation, Village, City, Township or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
- Obligations of the City.

Investments in stripped principal and interest obligations, reverse repurchase agreements and derivative investments are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits

At year-end, the carrying amount of the City's deposits was \$5,588,966.

Custodial Credit Risk

As of December 31, 2015, \$1,946,069 of the City's bank balance of \$5,660,144 was exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Protection of City cash and deposits are provided by the Federal Depository Insurance Corporation (FDIC) as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the FDIC. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution.

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Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third parties of the financial institutions. The City does not have a custodial credit risk policy.

B. Investments

The City's investments at December 31, 2015 are summarized below:

<u>Categorized Investments</u>	<u>Fair Value</u> <u>Under One Year</u>	<u>Credit Rating</u>	<u>Concentration</u> <u>Percentage</u>
STAR Ohio	\$5,341,834	S& P - AAAm	99.16%
Money Market Mutual Funds	44,918	S& P - AAAm	0.84%
Total	<u>\$5,386,752</u>		

Custodial Credit Risk

The risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City employs the use of "safekeeping" accounts to hold and maintain custody of its investments as identified within this policy and as a means of mitigating this risk.

Interest Rate Risk

The risk that the City will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the "prudent investor" rule to attempt to limit such risk.

Concentration of Credit Risk

The City places no limit on the amount it may invest in any one issuer. These are the only investments greater than five percent required to be disclosed.

CITY OF TRENTON, OHIO
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6. Property Taxes:

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. The triennial was completed during the year. Real property taxes are payable annually or semi-annually; if paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20 unless extended.

Public utility property consists of both real property and tangible personal property. Public utility real 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 currently is assessed at 88 percent of its true value; public utility real property is assessed at 35 percent of appraised market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Trenton. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2015, was \$7.74 (\$3.24 operating and \$4.50 fire levy) per \$1,000 of assessed valuation.

The assessed values of real and public utility property upon which 2015 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$162,143,010
Public Utility Property	8,872,560
Total Property Tax	\$171,015,570

Property taxes receivable represents real and public utility property taxes, public utility taxes and outstanding delinquencies that are measurable as of December 31, 2015. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2015 operations. The receivable is therefore offset by a credit reported as deferred inflows of resources on financial statements.

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7. Income Tax:

The City levies a municipal income tax of 1.5 percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

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

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2015, the proceeds were allocated to the General Fund. Net income tax revenue for 2015 was \$1,736,789.

8. Receivables:

Receivables at December 31, 2015, consisted of property taxes, income taxes, special assessments, intergovernmental receivables arising from grants, entitlements and shared revenues, interest on investments and utility accounts. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

<u>Fund/Description</u>	<u>Amount</u>
Governmental Activities	
MAJOR FUNDS	
<i>General Fund:</i>	
Local Government Revenue	\$92,137
Homestead and Rollback	36,273
Total General Fund	<u>128,410</u>
<i>Street Fund:</i>	
Motor Vehicle License Tax	168,929
Gas Tax	67,541
Total Street Fund	<u>236,470</u>
<i>Fire Levy Fund:</i>	
Homestead and Rollback	<u>51,318</u>
NONMAJOR FUNDS	
<i>Permissive Motor Vehicle License Fund</i>	
Permissive Tax	40,889
Total for Governmental Activities	<u><u>\$457,087</u></u>

CITY OF TRENTON, OHIO
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FOR THE YEAR ENDED DECEMBER 31, 2015

9. Capital Assets:

Changes in Capital Assets during the year ended December 31, 2015, were as follows:

	Balance 12/31/14	Increases	Decreases	Balance 12/31/15
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$423,473	\$0	\$0	\$423,473
Construction In Progress	1,755,814	0	(1,755,814)	0
Total Capital Assets not being depreciated	2,179,287	0	(1,755,814)	423,473
Capital Assets, being depreciated:				
Buildings	1,813,147	102,492	0	1,915,639
Improvements other than Buildings	696,477	1,752,076	0	2,448,553
Machinery, Equipment and Vehicles	3,266,553	61,462	(83,908)	3,244,107
Total Capital Assets being depreciated	5,776,177	1,916,030	(83,908)	7,608,299
Accumulated Depreciation:				
Buildings	(771,353)	(44,408)	0	(815,761)
Improvements other than Buildings	(127,818)	(49,044)	0	(176,862)
Machinery, Equipment and Vehicles	(2,410,389)	(157,356)	80,350	(2,487,395)
Total Accumulated Depreciation	(3,309,560)	(250,808)	80,350	(3,480,018)
Net Capital Assets, being depreciated	2,466,617	1,665,222	(3,558)	4,128,281
Governmental Activities Capital Assets	\$4,645,904	\$1,665,222	(\$1,759,372)	\$4,551,754
Business Type Activities				
Capital Assets, not being depreciated				
Land	\$2,508,698	\$0	\$0	\$2,508,698
Construction In Progress	0	137,506	0	137,506
Total Capital Assets not being depreciated	\$2,508,698	137,506	0	2,646,204
Capital Assets, being depreciated				
Plant	5,427,601	0	0	5,427,601
Water and Sewer Lines	4,613,158	0	0	4,613,158
Improvements other than Buildings	345,196	0	0	345,196
Machinery, Equipment and Vehicles	1,957,361	204,281	(153,730)	2,007,912
Total Capital Assets being depreciated	12,343,316	204,281	(153,730)	12,393,867
Accumulated Depreciation:				
Plant	(1,137,785)	(111,698)	0	(1,249,483)
Water and Sewer Lines	(2,361,441)	(77,099)	0	(2,438,540)
Improvements other than Buildings	(72,343)	(5,922)	0	(78,265)
Machinery, Equipment and Vehicles	(1,596,327)	(56,391)	121,710	(1,531,008)
Total Accumulated Depreciation	(5,167,896)	(251,110)	121,710	(5,297,296)
Net Capital Assets, being depreciated	7,175,420	(46,829)	(32,020)	7,096,571
Business Type Activities Capital Assets	\$9,684,118	\$90,677	(\$32,020)	\$9,742,775

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* Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Security of Persons and Property	\$107,843
Leisure Time Activities	20,197
Community Environment	3,617
Public Health and Welfare	2,225
Transportation	68,711
General Government	48,215
	<hr/>
Total Depreciation Expense - governmental activities	<u><u>\$250,808</u></u>

** Depreciation expense was charged to business-type activities as follows:

Business Type Activities:	
Water	\$190,632
Sewer	50,979
Refuse	4,460
Non-major enterprise	5,039
	<hr/>
Total Depreciation Expense - business-type activities	<u><u>\$251,110</u></u>

10. Defined Benefit Pension Plans:

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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.

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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 proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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 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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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.

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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 CAFR referenced above for additional information):

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

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.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

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	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$225,133 for 2015. Of this amount, \$7,373 is reported as due to other governments.

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

Plan Description - City full-time police 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.

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.

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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.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF 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 and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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

	Police
2015 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee:	
January 1, 2015 through July 1, 2015	11.50 %
July 2, 2015 through December 31, 2015	12.25 %
 2015 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
 Total Employer	 19.50 %
 Employee:	
January 1, 2015 through July 1, 2015	11.50 %
July 2, 2015 through December 31, 2015	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$173,129 for 2015. Of this amount \$7,332 is reported as due to other governments.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2014, 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, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. 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 and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,802,156	\$2,139,675	\$3,941,831
Proportion of the Net Pension Liability	0.014942%	0.0413030%	
Pension Expense	\$196,760	\$208,716	\$405,476

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$96,159	\$92,218	\$188,377
City contributions subsequent to the measurement date	<u>225,133</u>	<u>173,129</u>	<u>398,262</u>
Total Deferred Outflows of Resources	<u>\$321,292</u>	<u>\$265,347</u>	<u>\$586,639</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	<u>\$31,661</u>	<u>\$0</u>	<u>\$31,661</u>

\$398,262 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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	OPERS	OP&F	Total
Year Ending December 31:			
2016	\$9,447	\$23,055	\$32,502
2017	9,447	23,055	32,502
2018	21,609	23,054	44,663
2019	23,995	23,054	47,049
Total	\$64,498	\$92,218	\$156,716

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. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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The long-term 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. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees 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 table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

Discount Rate The discount rate used to measure the total pension liability was 8 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.

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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 8 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 (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$3,348,595	\$1,820,156	\$532,864

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

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The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. 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 averaged 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 geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	<u>8.00</u>	7.03
Total	<u><u>120.00 %</u></u>	

* levered 2x

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF'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 their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

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Discount Rate The total pension liability was calculated using the discount rate of 8.25 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 8.25 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 8.25 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 (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$2,959,496	\$2,139,675	\$1,455,538

11. Post-Employment Benefits

Public Employees Retirement System (OPERS)

The Public Employees Retirement System of Ohio (OPERS) maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Tradition Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Tradition Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefits is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2014 CAFR for details.

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The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides the statutory authority requiring public employees to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, state and local employers contributed at a rate of 14% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The 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 to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

The City's actual contributions for health care to OPERS for the years ending December 31, 2015, 2014, and 2013 were \$37,538, \$27,110 and \$3,934 respectively. The full amount has been contributed for 2014 and 2013. 97 percent has been contributed for 2015 with the remainder being reported as a liability within the respective funds.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined benefit post-employment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

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OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45.

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 are codified in Chapter 742 of the Ohio Revised Code.

OP&F maintains funds for health care in two separate accounts. One is for health care benefits under IRS Code Section 115 trust and the other is for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contribution made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2015, the employer contribution allocated to the health care plan was 0.50% of covered amount. The amount of the 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 and is limited by the provision of Section 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of dependents and the coverage selected.

The City's contributions for health care to OP&F for the years ending December 31, 2015, 2014, and 2013 were \$4,553, \$4,615, and \$59,213 respectively. The full amount has been contributed for 2014 and 2013. 98 percent has been contributed for 2015 with the remainder being reported as a liability within the respective funds.

12. Other Employee Benefits:

Compensated absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. City employees earn vacation leave at varying rates based upon length of service. Accumulated unused vacation time is paid to employees upon termination of employment. Full time employees of the City of Trenton are credited with sick leave of eighty hours per year. Sick leave may be accumulated up to 1,200 hours.

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Upon separation from service for any reason, employees hired prior to January 1, 2003 shall be paid for one-half of any accrued but unused sick leave credit. Employees hired on or after that date are not eligible for that benefit. In addition, full time employees receive thirty-two hours of personal leave each year. Personal leave hours do not accumulate except that a maximum of sixteen hours may be carried forward at the end of each year. In addition, City employees may convert personal leave hours to sick leave hours at a two to one ratio.

Insurance benefits

The City has elected to provide employee medical/surgical and life insurance benefits through Community Mutual Anthem Blue Cross/Blue Shield for all full-time employees. The City pays 90 percent of the monthly premium, while the employees pay 10 percent of the monthly premium. The premium varies with each employee depending on the coverage elected such as employee only, employee plus spouse, employee plus children, or family plan. Dental insurance is offered to employees through Dental Care Plus for all full-time employees. The City pays 90 percent of the monthly premium, while the employees pay 10 percent of the monthly premium. The premium varies with each employee depending on the coverage elected, just as with healthcare. In 2015, the City was given the option and chose to offer Blue View Vision to the employees. This is an elective coverage offered to employees through Anthem Vision Coverage for all full-time employees. The premium varies with each employee depending on the coverage elected, just as with healthcare, and the employees pay 100% of the monthly premium. Life insurance is provided through Standard Life Insurance to all full-time employees with \$20,000 coverage at no cost to the employees.

The City provides a high deductible healthcare plan with Community Mutual Anthem Blue Cross/Blue Shield, which provided the employees with the opportunity to participate in employee Health Savings Accounts (HSA). The health savings account is a tax exempt trust or custodial account that is set up with a qualified HSA trustee to pay or reimburse certain medical expenses incurred.

13. Risk Management:

Property and liability

The City is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City received insurance from the Public Entities Pool of Ohio, (PEP), a joint self-insurance pool. The coverage period is December 20, 2014 to December 20, 2015 extended to December 20, 2016. This pool provides joint and cooperative pooling of financial and administrative resources, as well as risk management services and risk sharing facilities to its members, and defends and protects against liability.

General liability, police professional liability, employee practices liability, stop gap liability, and public officials' liability have a \$9 million limit each occurrence (no annual aggregate).

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Auto liability has a \$9 million limit of liability per accident. Property coverage is limited to the value of the property, as is boiler and machinery, EDP equipment and Inland Marine equipment.

Property insurance has a \$1,000 deductible, and boiler and machinery has a \$1,000 deductible, EDP has a \$500 deductible, while Inland Marine also has a \$500 deductible. General liability and Stop Gap have a \$0 deductible, employee practice liability, police professional and public officials' have deductibles of \$1,000. Auto liability and physical damage has \$500 deductible for comprehensive and collision.

Crime coverage was underwritten by Travelers Insurance Company, with a policy period of December 20, 2014 to December 20, 2015 extended to December 20, 2016. The limit is \$100,000 and the deductible is \$1,000.

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

Workers' Compensation

For fiscal year 2015, the City participated in the Ohio Municipal League of Ohio Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to cities that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control and actuarial services to the GRP.

The City may withdraw from the GRP if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the GRP prior to withdrawal, and any participant leaving the GRP allows the representative of the GRP to assess loss experience for three years following the last year of participation.

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14. Long-Term Obligations:

Changes in long-term obligations during 2015 were as follows:

	Restated Balance 12/31/14	Increase	Decrease	Balance 12/31/15	Due within one year
Governmental Activities:					
Long Term Notes Payable – Building	\$124,000	\$155,000	\$124,000	\$155,000	\$155,000
Long Term Notes Payable – Vehicles	268,000	268,000	268,000	268,000	268,000
Long Term Notes Payable – Street Imp.	750,000	0	750,000	0	0
Compensated Absences Payable	184,421	465,172	441,217	208,376	80,520
Net Pension Liability					
OPERS	895,550	20,695	0	916,245	0
OP&F	2,011,593	128,082	0	2,139,675	0
Total – Governmental Activities	4,233,564	1,036,949	1,583,217	3,687,296	503,520
Business -Type Activities:					
Refunding Water Revenue Bond	6,870,000	0	275,000	6,595,000	280,000
Discount on Revenue Bonds	(61,513)	0	3,076	(58,437)	0
Ohio Public Works Commission Loan	639,750	0	42,650	597,100	42,650
Long Term Notes Payable – Water	1,800,000	3,450,000	1,800,000	3,450,000	3,450,000
Long Term Notes Payable – Orbit	120,000	165,000	120,000	165,000	165,000
Long Term Notes Payable – Building	124,000	155,000	124,000	155,000	155,000
Long Term Notes Payable – Vehicles	32,000	32,000	32,000	32,000	32,000
Long Term Notes Payable – Sweeper	0	181,000	0	181,000	181,000
Compensated Absences Payable	124,167	272,025	269,102	127,090	50,876
Net Pension Liability					
OPERS	865,901	20,010	0	885,911	0
Total – Business - Type Activities	\$10,514,305	\$4,275,035	\$2,665,828	\$12,129,664	\$4,356,526

The water system improvement refunding revenue bond was issued in February 2013 at a variable interest rate from 0.60% to 3.47% over twenty-two years. Interest is paid semi-annually. The bond was issued at a net discount which is being amortized over the life of the bond on the straight line method. The City has pledged user charges from the Water Fund to repay the principal and interest on the bonds. The bonds are payable from pledged revenues through 2034. Annual principal and interest payments on the bonds are expected to require approximately 35% of annual pledged revenues. The proceeds from the refunding bond issuance retired the 2004 revenue bonds on December 1, 2014 which were defeased during fiscal year 2013.

The Ohio Public Works Commission loan was finalized during 2009 with payments starting in 2010. The loan is a zero interest loan payable from sewer revenues. The loan is amortized over twenty years.

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The \$1,750,000 and \$1,700,000 enterprise notes were issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. They are backed by the full faith and credit of the Water operating revenue and mature within one year. The \$1,750,000 notes were issued on January 20, 2015 at a 0.75 percent interest rate and mature on January 20, 2016. The \$1,700,000 notes were issued on December 29, 2015 at a 1 percent interest rate and mature on November 17, 2016.

The \$95,000 and \$70,000 enterprise notes were issued as part of the Orbit Sheet Metal settlement. The notes will be retired with water revenue. They are backed by the full faith and credit of the Water operating revenue. The \$95,000 notes were issued on January 20, 2015 at a 0.75 percent interest rate and mature on January 20, 2016. The \$70,000 notes were issued on December 29, 2015 at a 1 percent interest rate and mature on November 17, 2016.

The \$186,000 and \$124,000 notes were issued for building acquisition that will be used by different services within the City. The notes will be retired from the six funds (three governmental and three enterprise). They are backed by the full faith and credit of the respective operating revenue or general obligation credit of the City. The \$186,000 notes were issued on January 20, 2015 at a 0.75 percent interest rate and mature on January 20, 2016. The \$124,000 notes were issued on December 29, 2015 at a 1 percent interest rate and mature on November 17, 2016.

The \$200,000 and \$100,000 notes were issued for vehicle acquisition that will be used by different services within the City. The notes will be retired from the six funds (three governmental and three enterprise). They are backed by the full faith and credit of the respective operating revenue or general obligation credit of the City. The \$200,000 notes were issued on January 20, 2015 at a 0.75 percent interest rate and mature on January 20, 2016. The \$100,000 notes were issued on December 29, 2015 at a 1 percent interest rate and mature on November 17, 2016.

The \$181,000 notes were issued for street sweeper acquisition that will be used by stormwater department. The note will be retired from the stormwater management enterprise fund. They are backed by the full faith and credit of the respective operating revenue. The \$181,000 notes were issued on December 29, 2015 at a 1 percent interest rate and mature on November 17, 2016.

Compensated absences will be paid from the fund from which the employee is paid. As of December 31, 2015 the City's overall voted legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$18,536,706 and the unvoted legal debt margin was \$9,985,927.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Annual debt service requirements to maturity for the Water Revenue Refunding Bonds are as follows:

BUSINESS-TYPE ACTIVITIES			
Water Refunding Revenue Bonds			
Years	Principal	Interest	Total
2016	\$280,000	\$174,968	\$454,968
2017	285,000	169,368	454,368
2018	290,000	163,668	453,668
2019	295,000	157,868	452,868
2020	305,000	151,968	456,968
2021-2025	1,620,000	659,432	2,279,432
2026-2030	1,835,000	438,404	2,273,404
2031-2034	1,685,000	139,098	1,825,098
Totals	<u>\$6,595,000</u>	<u>\$2,054,774</u>	<u>\$8,649,774</u>

Annual debt service requirements to maturity for Ohio Public Works Commission loan are as follows:

BUSINESS-TYPE ACTIVITIES			
OPWC Loans			
Years	Principal	Interest	Total
2016	\$42,650	\$0	\$42,650
2017	42,650	0	42,650
2018	42,650	0	42,650
2019	42,650	0	42,650
2020	42,650	0	42,650
2021-2025	213,250	0	213,250
2026-2029	170,600	0	170,600
Totals	<u>\$597,100</u>	<u>\$0</u>	<u>\$597,100</u>

The City has issued debt obligations on behalf of the McCullough-Hyde Memorial Hospital Incorporated (the "Hospital") for the purpose of leasing a facility in the City limits to provide medical services to the Trenton residents. This bond and the interest thereon do not constitute debt or liability by the City of Trenton, Butler County or the State of Ohio, but are special obligations between investors and the debtors payable solely from the payments received by the trustee under the loan agreements and meet the definition of conduit debt in GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations*. The City has elected to not report the liability and respective asset on the face of the financial statements.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

The following bond was collateralized by either a pledge of the revenues of the borrowing institution or by first mortgages on the physical property financed with the proceeds of the debt offerings and by the City's assignment of its interest in the mortgage properties to the trustee of the bond issue at December 31, 2015:

Revenue Bond	Maturity Date	Interest Rate	Principal Balance as of 12/31/15
McCullough-Hyde Memorial Hospital Inc.	03/22/2017	4.66	\$126,497

15. Short Term Note

A summary of the note transactions for the year ended December 31, 2015, follows:

<u>Fund</u>	<u>Balance 12/31/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/15</u>
NONMAJOR FUNDS				
Capital Improvement	\$40,000	\$0	\$40,000	\$0

The \$40,000 note was issued to extend a gas line to the Trenton business park. The note was retired from the general Debt Service Fund.

16. Transfers

Following is a summary of transfers in and out for all funds for 2015:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
MAJOR FUNDS		
General	\$0	\$102,500
Non-Major Governmental Funds	102,500	0
Total All Funds	<u>\$102,500</u>	<u>\$102,500</u>

The transfers from the General Fund to the other governmental funds are to help support those functions. The General Fund transfers of \$60,000 to the Parks and Recreation Fund (which is reported within the General Fund under GASB 54 so that transfer was consolidated); \$2,500 to the Enforcement and Education Fund; \$20,000 to the Capital Improvement Fund and \$80,000 to the Debt Service Fund allowed these funds to pay expenditures as these funds do not generate sufficient revenues to cover all expenditures.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

17. Jointly Governed Organization

Ohio-Kentucky-Indiana Regional Council of Governments - The City participates in the Ohio-Kentucky-Indiana Regional Council of Governments (OKI). OKI members include Butler, Clermont and Warren Counties in Ohio, Boone, Campbell and Kenton Counties in Kentucky and Dearborn and Ohio Counties in Indiana. The purpose of OKI is to provide coordinated planning services to the appropriate federal, state and local governments, their political subdivisions, agencies, departments, instrumentalities, and special districts, in connection with the preparation and development of comprehensive and continuing regional transportation and development plan within the OKI Region. OKI also serves as an area wide review agency in conjunction with comprehensive planning within the OKI Region.

OKI contracts periodically for local funds and other support with the governing board of each of the counties who are members of OKI or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the OKI. This Board consists of one elected official of each county-and-municipal corporation, one individual selected by each County planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member county. This Board of Trustees then selects not more than ten residents of the OKI Region. The total membership of the Board of Trustees shall not exceed 100. Any member of OKI may withdraw its membership upon written notice to OKI to be effective two years after receipt of the notice by OKI. If the organization were to dissolve, OKI's net assets shall revert to the said public bodies in proportion to each body's contribution towards the assets.

Payments to OKI are made from the General Fund. The City paid \$3,687 to OKI during 2015. To obtain financial information, write to Director of Finance and Administration of the Ohio-Kentucky-Indiana Regional Council of Governments at 920 Pete Rose Way, Suite 420, Cincinnati, Ohio, 45202.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

18. Fund Balance Allocation

The City has chosen to present the consolidated summary of fund balance classification on the financial statements. The detail of those fund balance classifications are outline below:

Fund Balance	General	Street	Fire Levy	Other
Nonspendable:				
Unclaimed Monies	\$1,523	\$0	\$0	\$0
Restricted:				
Public Works	0	407,903	0	816,918
Public Safety	0	0	1,405,416	73,545
Debt Service	0	0	0	157,071
Capital Improvements	0	0	0	15,166
Assigned:				
Parks and Recreation	42,382	0	0	0
Employee accounts	180	0	0	0
Cash Bond	675	0	0	0
Capital Improvements	0	0	0	71,411
Encumbrances	66,063	0	0	0
Unassigned				
Budget Stabilization	398,366	0	0	0
Unassigned	1,216,281	0	0	0
Total Fund Balance	\$1,725,470	\$407,903	\$1,405,416	\$1,134,111

The City has established by ordinance the General Stabilization Fund for the purpose of general budget stabilization which should not exceed five percent of the General Fund's revenue for the preceding year. The Stabilization Fund may be reduced or eliminated by City Council and the ordinance did not specify the criteria for the use of the resources. This, the Stabilization Fund is reported within unassigned fund balance.

19. Contingent Liabilities:

Litigation

The City is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

CITY OF TRENTON, OHIO
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PENSION PLAN
LAST TWO FISCAL YEARS (1)

	2014	2013
The City's Proportion of the Net Pension Liability	0.014942%	0.014942%
The City's Proportion Share of the Net Pension Liability	\$ 1,802,156	\$ 1,761,451
The City's Covered-Employee Payroll	\$ 1,986,542	\$ 1,046,315
The City's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	90.72%	168.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available

CITY OF TRENTON, OHIO
 SCHEDULE OF CITY'S CONTRIBUTIONS
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PENSION PLAN
 LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contributions	\$ 225,133	\$ 238,386	\$ 136,021	\$ 213,875	\$ 186,969	\$ 166,696	\$ 140,487	\$ 96,697	\$ 107,180	\$ 133,466
Contributions in Relation to the Contractually Required Contribution	(225,133)	(238,386)	(136,021)	(213,875)	(186,969)	(166,696)	(140,487)	(96,697)	(107,180)	(133,466)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered-Employee Payroll	\$ 1,876,108	\$ 1,986,550	\$ 1,046,315	\$ 2,138,750	\$ 1,869,690	\$ 1,920,461	\$ 1,729,071	\$ 1,381,386	\$ 1,260,941	\$ 1,450,717
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	13.00%	10.00%	10.00%	8.68%	8.13%	7.00%	8.50%	9.20%

CITY OF TRENTON, OHIO
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO POLICE AND FIRE FUND
LAST TWO FISCAL YEARS (1)

	2014	2013
The City's Proportion of the Net Pension Liability	0.041303%	0.041303%
The City's Proportion Share of the Net Pension Liability	\$ 2,139,675	\$ 2,011,593
The City's Covered-Employee Payroll	\$ 684,442	\$ 863,584
The City's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	312.62%	232.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%	73.00%

(1) Information prior to 2013 is not available

CITY OF TRENTON, OHIO
 SCHEDULE OF CITY'S CONTRIBUTIONS
 OHIO POLICE AND FIRE FUND
 LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contributions	\$ 173,129	\$ 122,036	\$ 110,107	\$ 131,583	\$ 126,516	\$ 115,082	\$ 158,043	\$ 165,047	\$ 107,301	\$ 105,227
Contributions in Relation to the Contractually Required Contribution	(173,129)	(122,036)	(110,107)	(131,583)	(126,516)	(115,082)	(158,043)	(165,047)	(107,301)	(105,227)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered-Employee Payroll	\$ 911,205	\$ 684,442	\$ 863,584	\$ 1,032,024	\$ 992,282	\$ 902,604	\$ 1,239,553	\$ 1,294,486	\$ 913,200	\$ 895,549
Contributions as a Percentage of Covered-Employee Payroll	19.00%	17.83%	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%	11.75%	11.75%

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Trenton:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Trenton ("the City") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 26, 2016, wherein we noted the City implemented Governmental Accounting Standards Board Statements No. 68 and 71.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2015-001 that we consider to be a material weakness.

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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 grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 26, 2016

City of Trenton
Schedule of Findings and Responses
Year Ended December 31, 2015

2015-001 Financial Reporting

During the course of our audit, we identified misstatements in the financial statements that were not initially identified by the City's internal control over financial reporting. A deficiency in internal control exists when the design of 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. In this case, the internal controls over the preparation and review of the City's financial statements did not operate as designed. The City contracts with a third-party consultant to prepare its year-end financial statements. While the City may rely on the consultant to provide technical assistance and financial statement preparation, it is still the responsibility of the City to review the financials prepared by the consultant for errors and omissions.

We identified errors in the City's methodology for the accrual and revenue recognition of income taxes, payments in lieu of taxes and intergovernmental receivables. Audit adjustments were necessary to correct both the current year balances and restate the prior year financial statements.

In addition, we proposed other audit adjustments to properly classify governmental fund balances, to properly record on-behalf payments from funders, and to properly account for activity related to customer deposits.

We recommend the City enhance its internal controls over financial reporting with steps such as management's review of conversion documentation for completeness and accuracy and improved communication with hired consultants to ensure the preparation of complete and accurate reliable financial statements in conformity with generally accepted accounting principles.

Views of Responsible Officials: The City concurs with these adjustments which have been posted to the financial statements.

City of Trenton
Schedule of Prior Audit Findings
Year Ended December 31, 2015

2014-001 Audit Adjustments

Misstatements in the financial statements were identified that were not initially identified by the City's internal control over financial reporting.

Status: Repeated as Finding 2015-001.



Dave Yost • Auditor of State

CITY OF TRENTON

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 7, 2016