

CITY OF TRENTON, OHIO

Basic Financial Statements

December 31, 2009



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Trenton, Butler County, prepared by Bastin & Company, LLC, for the audit period January 1, 2009 through December 31, 2009. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 6, 2010

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CITY OF TRENTON, OHIO
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of City Council
City of Trenton, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trenton, Ohio as of and for the year ended December 31, 2009, which collectively comprise the City of Trenton, Ohio's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Trenton, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trenton, Ohio, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the General Fund and Street Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2010, on our consideration of the City of Trenton, Ohio'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bastin & Company, LLC

Cincinnati, Ohio
June 15, 2010



CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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, 2009. 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 2009 are as follows:

- The assets of the City exceeded its liabilities at the close of the year ended December 31, 2009, by \$9,052,959 (net assets). Of this amount, \$2,472,269 (governmental unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors, and \$1,068,845 is classified as unrestricted in the business-type activities.
- The City's total net assets decreased by \$1,920,770, which represents a 17.50% decrease from 2008. The majority of the decrease can be attributed to change in the Water Fund as the City finalized the payments on the water treatment plant that increased over \$550,000 from 2008.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$2,977,719. Of this amount \$2,861,065 is available for spending (unreserved 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, unreserved fund balance for the General Fund was \$2,105,092 or 77.23% of total General Fund expenditures.
- The City's major enterprise funds reflected positive ending net assets: Water Fund \$1,431,863; Sewer Fund \$974,157; and Refuse Fund \$155,544.

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 Assets 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

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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.

Reporting City of Trenton as a Whole

Statement of Net Assets 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 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by 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 assets and the change in those assets. This change in net assets 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 Assets 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 has no component units.

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

CITY OF TRENTON, OHIO
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categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial reports provide detailed information about the City's major funds. Based on restrictions 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, 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 two fiduciary agency funds: Municipal Mayor's Court that accounts for the collection and distribution of court fines and forfeitures and an Unclaimed Monies Fund used to account for various funds the City holds but doesn't have legal title. Agency funds have no measurement focus and use the full accrual basis of accounting.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$9,052,959 (\$6,063,231 in governmental activities and \$2,989,728 in business-type activities) as of December 31, 2009. 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 \$3,909,201. 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 assets for 2009 compared to 2008.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$4,231,235	\$4,328,425	\$3,329,387	\$4,081,554	\$7,560,622	\$8,409,979
Capital Assets	3,122,609	3,150,829	10,900,992	10,946,824	14,023,601	14,097,653
Total Assets	<u>7,353,844</u>	<u>7,479,254</u>	<u>14,230,379</u>	<u>15,028,378</u>	<u>21,584,223</u>	<u>22,507,632</u>
Long-term liabilities	543,683	594,473	8,257,970	7,560,601	8,801,653	8,155,074
Other liabilities	746,930	680,248	2,982,681	2,698,581	3,729,611	3,378,829
Total Liabilities	<u>1,290,613</u>	<u>1,274,721</u>	<u>11,240,651</u>	<u>10,259,182</u>	<u>12,531,264</u>	<u>10,259,182</u>
Nets Assets:						
Invested in capital assets, net of related debt	2,769,620	2,700,111	1,139,581	1,326,519	3,909,201	4,026,630
Restricted	821,342	743,871	781,302	629,272	1,602,644	1,373,143
Unrestricted	2,472,269	2,760,551	1,068,845	2,813,405	3,541,114	5,573,956
Total Net Assets	<u>\$6,063,231</u>	<u>\$6,204,533</u>	<u>\$2,989,728</u>	<u>\$4,769,196</u>	<u>\$9,052,959</u>	<u>\$10,973,729</u>

An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represented \$1,602,644 or 17.70% of net assets. The remaining unrestricted \$3,541,114 net assets may be used to meet the City's ongoing obligations to its citizens and creditors and for business-type activities.

During 2009, the City saw depreciation exceed the capital additions resulting in a total decrease in capital assets of \$74,052. The City actually saw unrestricted cash decrease by \$682,732 from the prior year due to increased contractual services in the Water Fund. The City continued to pay down the prior year outstanding debt, reducing the total by 3.46% from the prior year, although they did incur an additional \$853,000 in Ohio Public Works Commission loans.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
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Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for Services	\$585,889	\$515,401	\$3,745,675	\$3,701,378	\$4,331,564	\$4,216,779
Operating Grants and Contributions	481,845	603,661	0	0	481,845	603,661
Capital Grants and Contributions	0	0	0	53,256	0	53,256
General Revenues:						
Income Taxes	1,490,505	1,519,069	0	0	1,490,505	1,519,069
Property Taxes	519,425	522,912	0	0	519,425	522,912
Other Taxes	235,446	214,940	0	0	235,446	214,940
Unrestricted Grants	334,425	411,891	0	0	334,425	411,891
Investment Earnings	133,809	236,355	2,012	13,916	135,821	250,271
Other Revenues	61,346	80,152	0	0	61,346	80,152
Total Revenues	3,842,690	4,104,381	3,747,687	3,768,550	7,590,377	7,872,931
Expenses:						
Security of Persons and Property	2,680,899	2,495,850	0	0	2,680,899	2,495,850
Public Health and Welfare	125,112	72,783	0	0	125,112	72,783
Leisure Time Activities	74,660	100,277	0	0	74,660	100,277
Community Environment	176,633	319,660	0	0	176,633	319,660
Transportation	469,085	438,474	0	0	469,085	438,474
General Government	374,712	508,639	0	0	374,712	508,639
Other	62,082	65,594	0	0	62,082	65,594
Interest and Fiscal Charges	20,809	21,859	0	0	20,809	21,859
Water	0	0	2,308,409	1,491,381	2,308,409	1,491,381
Sewer	0	0	2,086,704	1,314,462	2,086,704	1,314,462
Stormwater Management	0	0	182,552	162,176	182,552	162,176
Refuse	0	0	909,212	858,738	909,212	858,738
Utility Trust	0	0	40,278	35,928	40,278	35,928
Total Expenses	3,983,992	4,023,136	5,527,155	3,862,685	9,511,147	7,885,821
Change in Net Assets	(141,302)	81,245	(1,779,468)	(94,135)	(1,920,770)	(12,890)
Beginning Net Assets	6,204,533	6,123,288	4,769,196	4,863,331	10,973,729	10,986,619
Ending Net Assets	\$6,063,231	\$6,204,533	\$2,989,728	\$4,769,196	\$9,052,959	\$10,973,729

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 2009, the expenses were \$2.68 million, representing 67.29% (5.64% increase from 2008) of governmental activity spending, yielding a reliance on general revenues to fund the program of approximately \$2.31 million after direct support to their programs.

The transportation function is the next largest expense and receives state shared revenues related to the activities that cover 94.39% of those expenses.

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Business-Type Activities

The City's business-type activities include the water, sewer, refuse, utility deposits and stormwater management systems. None of the business-type activities produced positive net revenues for the fiscal year. The Water Fund produced significantly negative net revenue of (\$1,088,103) due in part to current year depreciation of \$219,309 and the additional \$550,000 in contractual services. The Sewer Fund was negative (\$634,251) mainly due to the issuance of Ohio Public Works Commission loan of \$853,000.

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, unreserved 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 2009, the City's governmental funds reported combined ending fund balances of \$2.98 million. Approximately \$2.86 million constitutes unreserved fund balance available for spending for citizens. The remainder of the balance is reserved 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, 2009, the unreserved General Fund balance was \$2.10 million with a total fund balance of \$2.14 million. As a measure of liquidity, it is often useful to compare these numbers to total General Fund expenditures and other financing uses. Unreserved fund balance represents approximately 64.50% of the total expenditures and other financing uses, while total fund balance represents 65.70% of that same amount.

During 2009, the City's General Fund ending balance decreased by \$117,035 even though revenues exceeded expenditures by \$409,541. This balance variance is really caused by the fund's transfer of monies to other operations of the City that needed the subsidized revenue of property and income taxes from the General Fund.

CITY OF TRENTON, OHIO
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The City's other major governmental fund was the Street Fund. The Street Fund receives the majority of revenue from gas tax and motor vehicle licenses intergovernmental receipts (93.58%). The Street Fund is also responsible for maintenance on most of the City streets. For 2009, revenues were less than expenditures by \$118,799, resulting in using a portion of the beginning balance to fund operations as the City did not make any transfers from the General Fund for 2009.

The City saw the fund balance in the nonmajor funds increase by \$211,310, with General Fund transfers of \$0.54 million into those nonmajor funds to help support the specific programs. The Fire Levy Fund (major fund in 2008) saw fund balance increase over \$100,000 thanks in part to the City's transfer. The other largest two nonmajor funds, Municipal Motor License Tax and Parks and Recreation, both saw positive changes.

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 2009, 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.

The following table summarizes the major revenue sources and expenditures from original to final budget for 2009:

CITY OF TRENTON, OHIO
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Description	Original Budget	Final Budget	Change
Revenues:			
Property and Other Taxes	\$491,229	\$530,000	\$38,771
Income Taxes	1,427,344	1,540,000	112,656
Intergovernmental	402,808	434,600	31,792
Other	961,960	1,020,127	58,167
Total Revenues	<u>3,283,341</u>	<u>3,524,727</u>	<u>241,386</u>
Expenditures:			
Security of Persons/Property	2,266,797	2,290,968	24,171
Public Health and Welfare	117,199	115,422	(1,777)
Community Environment	259,632	255,713	(3,919)
General Government	540,729	532,643	(8,086)
Other Expenditures	335,882	354,307	18,425
Total Expenditures	<u>3,520,239</u>	<u>3,549,053</u>	<u>28,814</u>

The City amended the original revenue budget several times as the City saw increases across all revenue line items with the different state law changes and the City's income tax collections exceed the prior year month over month.

For expenditures, the City had spent significant time at the department level to determine the initial budget and only needed to modify it in total by less than one percent during the year. The following table summarizes the major revenue sources and expenditures from final budget to actual results for 2009:

Description	Final Budget	Actual	Change
Revenues:			
Property and Other Taxes	\$530,000	\$535,121	\$5,121
Income Taxes	1,540,000	1,544,046	4,046
Intergovernmental Revenue	434,600	435,229	371
Other Revenues	1,020,127	1,070,161	50,034
Total Revenues	<u>3,524,727</u>	<u>3,584,557</u>	<u>59,830</u>
Expenditures:			
Security of Persons/Property	2,290,968	2,138,206	152,762
Public Health and Welfare	115,422	59,811	55,611
Community Environment	255,713	175,733	79,980
General Government	532,643	429,609	103,034
Other Expenditures	354,307	329,645	24,662
Total Expenditures	<u>3,549,053</u>	<u>3,133,004</u>	<u>416,049</u>

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The City had amended the final revenue budget to reflect slight changes from the original tax budget. By the end of the year, the City had received less in interest earnings because interest rates remained at very low rates. The City also received less in miscellaneous revenue than originally estimated.

The City continued to reduce final expenditures across all functions from final budget amounts in an effort to protect the City's operating fund balance. 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 2009, this effort resulted in bringing actual expenses in over \$416,000 less than what was budgeted.

Capital Assets and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business type activities as of December 31, 2009, amounts to \$3.91 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, equipment and machinery.

Note 9 (Capital Assets) provides capital asset activity during 2009. The City has had limited funding to provide for governmental capital asset acquisition and construction. The City saw government-wide capital assets decrease by \$74,052 after current year depreciation. 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 2009, the City had general obligation bonds and loans outstanding of \$0.35 million in governmental activities, a decrease of \$0.10 million from 2008 as the City paid down on three issues. The City had \$7.23 million in revenue bonds outstanding on the water system improvements. See Notes 14 and 15 for further information on the City's long term debt.

Economic Factors affecting the City

Located towards the center of Butler County, the City provides the home town appeal to more than 11,000 residents. The City is ideal for those families looking to locate here as over forty percent of the population is from twenty to forty-four years in age.

The City's largest industries are supported by manufacturing as MillerCoors Brewery is located just outside of the City's southeastern corner. Despite being located fifteen minutes from Interstate 75, the City's income tax revenue stayed flat from 2008 and continues to support the governmental functions of the City.

***CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)***

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 started to create a focus on creating an industrial park type development in the southeastern corner. 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 ASSETS
DECEMBER 31, 2009

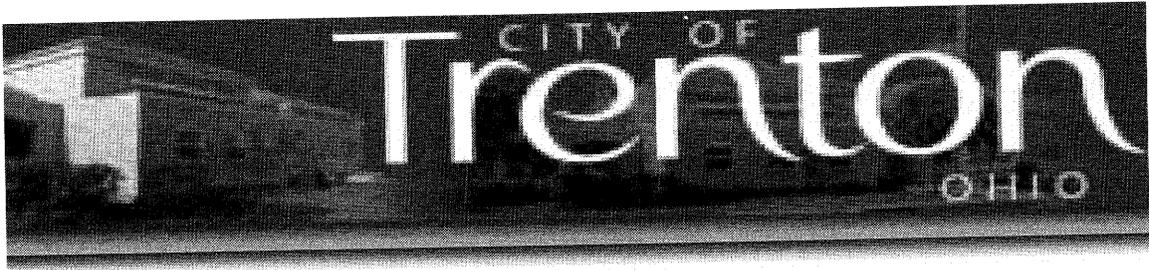
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 3,044,664	\$ 2,012,172	\$ 5,056,836
Restricted Cash and Cash Equivalents	-	781,302	781,302
Receivables (net of allowance for doubtful accounts):			
Taxes - Real and Personal Property	475,433	-	475,433
Taxes - Municipal Income	109,030	-	109,030
Accounts	123,747	237,254	361,001
Interest	31,517	-	31,517
Special Assessments	6,267	45,707	51,974
Due from Other Governments	440,577	-	440,577
Bond Issuance Costs	-	252,952	252,952
Nondepreciable Assets:			
Land	369,473	2,810,498	3,179,971
Construction In Progress	27,362	-	27,362
Depreciable Assets:			
Plant	-	5,336,768	5,336,768
Water and Sewer Lines	-	4,677,016	4,677,016
Buildings and Improvements	1,683,944	-	1,683,944
Improvements other than Buildings	663,018	40,980	703,998
Machinery, Equipment and Vehicles	2,690,545	1,782,709	4,473,254
Less: Accumulated Depreciation	(2,311,733)	(3,746,979)	(6,058,712)
Total Assets	<u>7,353,844</u>	<u>14,230,379</u>	<u>21,584,223</u>
Liabilities:			
Accounts Payable	48,020	23,276	71,296
Contracts Payable	61,562	73,543	135,105
Accrued Wages and Benefits	126,494	41,880	168,374
Due to Other Governments	758	54,624	55,382
Deposits Payable	-	54,997	54,997
Notes Payable	42,000	2,693,000	2,735,000
Accrued Interest Payable	3,802	41,361	45,163
Unearned Revenue	464,294	-	464,294
Long Term Liabilities due within 1 year	170,508	246,536	417,044
Long Term Liabilities due over 1 year	373,175	8,011,434	8,384,609
Total Liabilities	<u>1,290,613</u>	<u>11,240,651</u>	<u>12,531,264</u>
Net Assets:			
Investment in Capital Assets, net related debt	2,769,620	1,139,581	3,909,201
Restricted:			
Transportation	333,669	-	333,669
Culture and Recreation	63,303	-	63,303
Protection of Citizens	261,943	-	261,943
Debt Service	91,983	781,302	873,285
Capital Improvements	70,444	-	70,444
Unrestricted	2,472,269	1,068,845	3,541,114
Total Net Assets	<u>6,063,231</u>	<u>2,989,728</u>	<u>9,052,959</u>
Total Net Assets and Liabilities	<u>\$ 7,353,844</u>	<u>\$ 14,230,379</u>	<u>\$ 21,584,223</u>

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Security of Persons and Property	\$ (2,680,899)	\$ 369,807	-	\$ (2,311,092)	\$ -	\$ (2,311,092)
Public Health and Welfare	(125,112)	-	-	(125,112)	-	(125,112)
Leisure Time Activities	(74,660)	45,398	22,422	(6,840)	-	(6,840)
Community Environment	(176,633)	53,526	-	(123,107)	-	(123,107)
Transportation	(469,085)	-	442,763	(26,322)	-	(26,322)
General Government	(374,712)	117,158	16,660	(240,894)	-	(240,894)
Other Expenditures	(62,082)	-	-	(62,082)	-	(62,082)
Interest and Fiscal Charges	(20,809)	-	-	(20,809)	-	(20,809)
Total Governmental Activities	<u>(3,983,992)</u>	<u>585,889</u>	<u>481,845</u>	<u>(2,916,258)</u>	<u>-</u>	<u>(2,916,258)</u>
Business-Type Activities:						
Water	(2,308,409)	1,220,306	-	-	(1,088,103)	(1,088,103)
Sewer	(2,086,704)	1,452,453	-	-	(634,251)	(634,251)
Stormwater Management	(182,552)	173,963	-	-	(8,589)	(8,589)
Refuse	(909,212)	861,301	-	-	(47,911)	(47,911)
Utility Trust	(40,278)	37,652	-	-	(2,626)	(2,626)
Total Business - Type Activities	<u>(5,527,155)</u>	<u>3,745,675</u>	<u>-</u>	<u>(1,781,480)</u>	<u>(1,781,480)</u>	<u>(1,781,480)</u>
Total	<u>\$ (9,511,147)</u>	<u>\$ 4,331,564</u>	<u>\$ 481,845</u>	<u>(2,916,258)</u>	<u>(1,781,480)</u>	<u>(4,697,738)</u>
General Revenues:						
Income Taxes				1,490,505	-	1,490,505
Property Taxes				519,425	-	519,425
Estate Taxes				36,703	-	36,703
Franchise Fee Taxes				114,808	-	114,808
Payment in Lieu of Taxes				8,229	-	8,229
Permissive Sales Tax				75,706	-	75,706
Grants and Contributions not restricted to specific programs				334,425	-	334,425
Unrestricted investment earnings				133,809	2,012	135,821
Miscellaneous				61,346	-	61,346
Total General Revenues				<u>2,774,956</u>	<u>2,012</u>	<u>2,776,968</u>
Changes in Net Assets				<u>(141,302)</u>	<u>(1,779,468)</u>	<u>(1,920,770)</u>
Net Assets - Beginning				<u>6,204,533</u>	<u>4,769,196</u>	<u>10,973,729</u>
Net Assets - Ending				<u>\$ 6,063,231</u>	<u>\$ 2,989,728</u>	<u>\$ 9,052,959</u>

See accompanying notes to the basic financial statements



**CITY OF TRENTON, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	General	Street	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 2,094,959	\$ 395,146	\$ 554,559	\$ 3,044,664
Receivables (net of allowance for doubtful accounts):				
Taxes - Real and Personal Property	475,433	-	-	475,433
Taxes - Municipal Income	109,030	-	-	109,030
Accounts	123,747	-	-	123,747
Interest	31,517	-	-	31,517
Special Assessments	-	-	6,267	6,267
Due from Other Governments	174,365	202,013	64,199	440,577
Total Assets	3,009,051	597,159	625,025	4,231,235
Liabilities:				
Accounts Payable	35,487	2,881	9,652	48,020
Contracts Payable	-	61,562	-	61,562
Accrued Wages and Benefits	85,680	19,747	21,067	126,494
Due to Other Governments	758	-	-	758
Accrued Interest Payable	-	802	802	1,604
Deferred Revenue	742,517	168,969	61,592	973,078
General Obligation Notes Payable	-	21,000	21,000	42,000
Total Liabilities	864,442	274,961	114,113	1,253,516
Fund Balances:				
Reserved for Encumbrances	39,517	38,362	38,775	116,654
Unreserved, reported in:				
General	2,105,092	-	-	2,105,092
Special Revenue	-	283,836	320,471	604,307
Debt Service	-	-	95,785	95,785
Capital Projects	-	-	55,881	55,881
Total Fund Balances	2,144,609	322,198	510,912	2,977,719
Total Liabilities and Fund Balances	\$ 3,009,051	\$ 597,159	\$ 625,025	\$ 4,231,235

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 ASSETS
DECEMBER 31, 2009**

Fund Balances - Governmental Funds	\$ 2,977,719
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,122,609
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	508,784
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(545,881)</u>
Net Assets of governmental activities	<u>\$ 6,063,231</u>

CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	General	Street	Other Governmental Funds	Total Governmental Funds
Revenues:				
Income Taxes	\$ 1,516,298	\$ -	\$ -	\$ 1,516,298
Property and Other Taxes	535,121	-	2,940	538,061
Intergovernmental	434,855	412,824	189,533	1,037,212
Charges for Services	110,148	-	188,739	298,887
Licenses and Permits	91,290	-	-	91,290
Investment Earnings	116,171	12,813	4,825	133,809
Special Assessments	86,540	-	-	86,540
Fines and Forfeitures	193,414	-	4,874	198,288
Payment in Lieu of Taxes	-	-	5,229	5,229
All Other Revenues	51,487	15,512	9,974	76,973
Total Revenues	3,135,324	441,149	406,114	3,982,587
Expenditures:				
Current:				
Security of Persons and Property	2,137,003	-	322,497	2,459,500
Public Health and Welfare	60,385	-	57,353	117,738
Leisure Time Activities	-	-	68,790	68,790
Community Environment	158,125	-	-	158,125
Transportation	-	393,621	36,420	430,041
General Government	308,188	-	383	308,571
Other	62,082	-	-	62,082
Capital Outlay	-	158,630	136,671	295,301
Debt Service:				
Principal Retirement	-	6,438	91,291	97,729
Interest and Fiscal Charges	-	1,259	20,099	21,358
Total Expenditures	2,725,783	559,948	733,504	4,019,235
Excess (Deficiency) of Revenues Over (Under) Expenditures	409,541	(118,799)	(327,390)	(36,648)
Other Financing Sources (Uses):				
Sale of Capital Assets	12,124	-	-	12,124
Transfers - In	-	-	538,700	538,700
Transfers - Out	(538,700)	-	-	(538,700)
Total Other Financing Sources (Uses)	(526,576)	-	538,700	12,124
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(117,035)	(118,799)	211,310	(24,524)
Fund Balances at Beginning of Year	2,261,644	440,997	299,602	3,002,243
Fund Balances at End of Year	<u>\$ 2,144,609</u>	<u>\$ 322,198</u>	<u>\$ 510,912</u>	<u>\$ 2,977,719</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, 2009

Net Change in Fund Balances - total governmental funds	\$	(24,524)
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 exceed capital outlays in the current period.		(28,220)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(139,897)
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 assets. Also, governmental funds report the effect of issuance costs 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.		98,278
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>(46,939)</u>
Change in net assets of governmental activities	\$	<u><u>(141,302)</u></u>

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, 2009

GENERAL FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 491,229	\$ 530,000	\$ 535,121	\$ 5,121
Income Taxes	1,427,344	1,540,000	1,544,046	4,046
Intergovernmental	402,808	434,600	435,229	629
Charges for Services	98,247	106,001	110,148	4,147
Licenses and Permits	87,819	94,750	91,290	(3,460)
Investment Earnings	207,128	350,476	300,002	(50,474)
Special Assessments	88,050	95,000	86,540	(8,460)
Fines and Forfeitures	180,828	195,100	196,286	1,186
Other All Revenue	299,888	178,800	285,895	107,095
Total Revenue	3,283,341	3,524,727	3,584,557	59,830
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	2,266,797	2,290,968	2,138,206	152,762
Public Health and Welfare Services	117,199	115,422	59,811	55,611
Community Environment	259,632	255,713	175,733	79,980
General Government	540,729	532,643	429,609	103,034
Other	311,327	329,752	329,645	107
Capital Outlay	24,555	24,555	-	24,555
Total Expenditures	3,520,239	3,549,053	3,133,004	416,049
Excess of Revenues Over (Under) Expenditures	(236,898)	(24,326)	451,553	475,879
<u>Other Financing Sources (Uses):</u>				
Income Tax Refunds	(33,509)	(33,000)	(24,971)	8,029
Sale of Capital Assets	6,025	6,500	12,124	5,624
Transfers - In	93,612	101,000	-	(101,000)
Transfers - Out	(547,004)	(538,700)	(538,700)	-
Total Other Financing Sources (Uses)	(480,876)	(464,200)	(551,547)	(87,347)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(717,774)	(488,526)	(99,994)	388,532
Fund Balances at Beginning of Year	2,095,751	2,095,751	2,095,751	-
Prior Year Encumbrances	12,252	12,252	12,252	-
Fund Balances at End of Year	\$ 1,390,229	\$ 1,619,477	\$ 2,008,009	\$ 388,532

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, 2009

STREET FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 423,100	\$ 423,100	\$ 413,786	\$ (9,314)
Investment Earnings	15,750	15,750	12,813	(2,937)
Other All Revenue	13,317	14,977	15,512	535
Total Revenue	<u>452,167</u>	<u>453,827</u>	<u>442,111</u>	<u>(11,716)</u>
<u>Expenditures:</u>				
Current:				
Transportation	387,280	387,280	326,066	61,214
Capital Outlay	135,518	176,518	197,083	(20,565)
Debt Service:				
Principal Retirement	12,000	12,000	6,438	5,562
Interest and Fiscal Charges	800	800	457	343
Total Expenditures	<u>535,598</u>	<u>576,598</u>	<u>530,044</u>	<u>46,554</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(83,431)	(122,771)	(87,933)	34,838
<u>Other Financing Sources (Uses):</u>				
Proceeds of Bonds	-	23,000	21,000	(2,000)
Transfers - Out	(5,000)	(5,000)	-	5,000
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>18,000</u>	<u>21,000</u>	<u>3,000</u>
Excess (Deficiency) of Revenues and Other Deficiency of Revenues and Other Financing Sources Under Expenditures	(88,431)	(104,771)	(66,933)	37,838
Fund Balances at Beginning of Year	404,095	404,095	404,095	-
Prior Year Encumbrances	<u>13,783</u>	<u>13,783</u>	<u>13,783</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 329,447</u>	<u>\$ 313,107</u>	<u>\$ 350,945</u>	<u>\$ 37,838</u>

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2009**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Assets:					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 398,439	\$ 1,019,780	\$ 200,394	\$ 393,559	\$ 2,012,172
Restricted Cash and Cash Equivalents	781,302	-	-	-	781,302
Receivables (net of allowances for doubtful accounts)	66,350	96,873	61,961	12,070	237,254
Accounts	-	45,707	-	-	45,707
Special Assessments	-	-	-	-	-
Total Current Assets	<u>1,246,091</u>	<u>1,162,360</u>	<u>262,355</u>	<u>405,629</u>	<u>3,076,435</u>
<i>Noncurrent Assets:</i>					
Bond Issuance Costs	252,952	-	-	-	252,952
<i>Nondepreciable Capital Assets:</i>					
Land	2,810,498	-	-	-	2,810,498
<i>Depreciable Capital Assets:</i>					
Plant	5,320,447	16,321	-	-	5,336,768
Water and Sewer Lines	2,911,727	1,765,289	-	-	4,677,016
Improvements Other than Buildings	12,570	28,410	-	-	40,980
Machinery, Equipment and Vehicles	1,141,591	437,724	15,001	188,393	1,782,709
Less: Accumulated Depreciation	<u>(2,196,791)</u>	<u>(1,455,077)</u>	<u>(11,665)</u>	<u>(83,446)</u>	<u>(3,746,979)</u>
Total Capital Assets (net of accumulated depreciation)	10,000,042	792,667	3,336	104,947	10,900,992
Total Noncurrent Assets	<u>10,252,994</u>	<u>792,667</u>	<u>3,336</u>	<u>104,947</u>	<u>11,153,944</u>
Total Assets	<u>\$ 11,499,085</u>	<u>\$ 1,955,027</u>	<u>\$ 265,691</u>	<u>\$ 510,576</u>	<u>\$ 14,230,379</u>

**CITY OF TRENTON, OHIO
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2009**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	\$ 15,228	\$ 1,227	\$ 824	\$ 5,997	\$ 23,276
Contracts Payable	-	6,633	48,136	18,774	73,543
Accrued Wages and Benefits	19,284	11,749	9,766	1,081	41,880
Due to Other Governments	664	53,960	-	-	54,624
Accrued Interest Payable	39,757	802	802	-	41,361
Notes Payable	2,651,000	21,000	21,000	-	2,693,000
Compensated Absences Payable - Current	9,462	7,302	6,486	443	23,693
OPWC Loans Payable - Current	-	42,650	-	-	42,650
General Obligation Bonds Payable - Current	6,731	6,731	6,731	-	20,193
Revenue Bonds Payable - Current	160,000	-	-	-	160,000
Total Current Liabilities	<u>2,902,126</u>	<u>152,054</u>	<u>93,745</u>	<u>26,295</u>	<u>3,174,220</u>
<i>Noncurrent Liabilities:</i>					
Customer Deposits Payable	-	-	-	54,997	54,997
Compensated Absences Payable	23,926	18,466	16,402	1,120	59,914
OPWC Loans Payable	-	810,350	-	-	810,350
Revenue Bonds Payable	7,141,170	-	-	-	7,141,170
Total Noncurrent Liabilities	<u>7,165,096</u>	<u>828,816</u>	<u>16,402</u>	<u>56,117</u>	<u>8,066,431</u>
Total Liabilities	<u>10,067,222</u>	<u>980,870</u>	<u>110,147</u>	<u>82,412</u>	<u>11,240,651</u>
Net Assets:					
Invested in capital assets, net of related debt	294,093	764,936	(24,395)	104,947	1,139,581
Reserved for Debt Service	781,302	-	-	-	781,302
Unrestricted	356,468	209,221	179,939	323,217	1,068,845
Total Net Assets	<u>1,431,863</u>	<u>974,157</u>	<u>155,544</u>	<u>428,164</u>	<u>2,989,728</u>
Total Net Assets and Liabilities	<u>\$ 11,499,085</u>	<u>\$ 1,955,027</u>	<u>\$ 265,691</u>	<u>\$ 510,576</u>	<u>\$ 14,230,379</u>

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS				
	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
<u>Operating Revenues:</u>					
Charges for Services	\$ 1,203,956	\$ 1,452,411	\$ 861,259	\$ 211,600	\$ 3,729,226
Other Operating Revenues	16,350	42	42	15	16,449
Total Operating Revenues	1,220,306	1,452,453	861,301	211,615	3,745,675
<u>Operating Expenses:</u>					
Personal Services	480,916	364,431	289,491	39,930	1,174,768
Materials and Supplies	250,183	876,501	30,118	26,973	1,183,775
Contractual Services	825,035	785,570	566,958	91,024	2,268,587
Other Operating Expenses	106,107	16,041	20,553	43,261	185,962
Depreciation	219,309	42,760	833	21,642	284,544
Total Operating Expenses	1,881,550	2,085,303	907,953	222,830	5,097,636
Operating Income (Loss)	(661,244)	(632,850)	(46,652)	(11,215)	(1,351,961)
<u>Non-Operating Revenues (Expenses):</u>					
Investment Earnings	134	-	-	1,878	2,012
Interest and Fiscal Charges	(426,859)	(1,401)	(1,259)	-	(429,519)
Total Non-Operating Revenues (Expenses)	(426,725)	(1,401)	(1,259)	1,878	(427,507)
Change in Net Assets	(1,087,969)	(634,251)	(47,911)	(9,337)	(1,779,468)
Total net assets - Beginning	2,519,832	1,608,408	203,455	437,501	4,769,196
Total net assets - Ending	\$ 1,431,863	\$ 974,157	\$ 155,544	\$ 428,164	\$ 2,989,728

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

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	\$ 1,251,346	\$ 1,433,713	\$ 903,256	\$ 230,541	\$ 3,818,856
Cash Paid for Employee Services and Benefits	(464,456)	(348,578)	(281,630)	(38,765)	(1,133,429)
Cash Paid to Suppliers for Goods and Services	(1,103,217)	(1,693,000)	(600,081)	(138,749)	(3,535,047)
Other Operating Revenues	16,350	42	42	15	16,449
Other Operating Expenses	(106,107)	(16,041)	(20,553)	(2,983)	(145,684)
Net Cash Provided by (Used for) Operating Activities	(406,084)	(623,864)	1,034	50,059	(978,855)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Face Value from Sale of Notes	2,651,000	21,000	21,000	-	2,693,000
Face Value from Sale of Loans	-	853,000	-	-	853,000
Acquisition and Construction of Assets	(45,312)	(180,249)	-	(8,073)	(233,634)
Principal Paid on Revenue Anticipation Notes	(2,385,000)	-	-	-	(2,385,000)
Principal Paid on Loans Payable	(6,438)	(6,438)	(6,438)	-	(19,314)
Principal Paid on Revenue Bonds	(155,000)	-	-	-	(155,000)
Interest and Fiscal Charges Paid on All Debt	(428,210)	(599)	(457)	-	(429,266)
Net Cash Used for Capital and Related Financing Activities	(368,960)	686,714	14,105	(8,073)	323,786
<u>Cash Flows from Investing Activities:</u>					
Interest	134	-	-	1,878	2,012
Net Cash Provided By Investing Activities	134	-	-	1,878	2,012
Net Change in Cash and Cash Equivalents	(774,910)	62,850	15,139	43,864	(653,057)
Cash and Cash Equivalents at Beginning of Year	1,954,651	956,930	185,255	349,695	3,446,531
Cash and Cash Equivalents at End of Year	<u>\$ 1,179,741</u>	<u>\$ 1,019,780</u>	<u>\$ 200,394</u>	<u>\$ 393,559</u>	<u>\$ 2,793,474</u>
Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ (661,244)	\$ (632,850)	\$ (46,652)	\$ (11,215)	\$ (1,351,961)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation Expense	219,309	42,760	833	21,642	284,544
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	47,390	(18,698)	41,997	13,018	83,707
Increase (Decrease) in Accounts Payables	(18,111)	(593)	372	752	(17,580)
Increase in Contracts Payables	-	6,633	1,623	18,774	27,030
(Decrease) in Accrued Wages and Benefits	(2,108)	(2,075)	(668)	(398)	(5,249)
Increase (Decrease) in Due to Other Governments	112	(26,969)	-	-	(26,857)
Increase in Compensated Absences Payable	8,568	7,928	3,529	1,563	21,588
Increase in Deposits Payable	-	-	-	5,923	5,923
Total Adjustments	255,160	8,986	47,686	61,274	373,106
Net Cash Provided by (Used for) Operating Activities	<u>\$ (406,084)</u>	<u>\$ (623,864)</u>	<u>\$ 1,034</u>	<u>\$ 50,059</u>	<u>\$ (978,855)</u>

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2009

	Totals
Assets:	
Cash and Cash Equivalents	\$ 31,254
Cash and Cash Equivalents in Segregated Accounts	17,341
Total Assets	48,595
Liabilities:	
Due to Other Governments	17,341
Undistributed Monies	31,254
Total Liabilities	\$ 48,595

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

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.

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 does not have any component units included in its reporting entity.

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.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

The City is associated with one organization which is defined as a jointly governed organization, the Ohio-Kentucky-Indiana Regional Council of Governments (OKI), and one organization that is defined as a Risk Sharing Pool, the Ohio Plan. These organizations are presented in Notes 17 and 18 of the Basic Financial Statements.

Basis of presentation – fund accounting

The government-wide financial statements (i.e., the statement of net assets 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.

CITY OF TRENTON, OHIO
NOTES TO THE 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.

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 of 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, as well as compensated absences, are recorded only when payment is due.

Property taxes, income 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.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

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 is reported as fund balance.

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 account for in another fund.

Street Fund

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

The City reports the following major proprietary 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.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

Refuse Fund

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

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary and Other Governmental Entities that Use Proprietary Fund Accounting*, the City has elected to follow FASB Statements and Interpretations issued prior to December 1, 1989, to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

The City also has the option of following subsequent FASB guidance for their business-type and enterprises funds, subject to this same limitation. The City has elected not to apply those FASB Statements and Interpretations issued after November 30, 1989, to its enterprise funds.

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.

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 two fiduciary agency funds: Municipal Mayor's Court that accounts for the collection and distribution of court fines and forfeitures and an unclaimed monies fund used to account for various funds the City holds but doesn't have legal title. The City's agency funds are custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

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 principle ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

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

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.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

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 reported as reservations of fund balances for subsequent-year expenditure for governmental funds and reported in the notes to the basic financial statements for enterprise funds.

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 assets 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 2009 was \$116,171, which includes \$60,601 assigned from other funds. The Street, State Highway, Municipal Motor Vehicle License, and Indigent Driver's Alcohol Treatment Nonmajor Special Revenue Funds and Water and Utility Deposit Enterprise Funds also received \$12,813; \$370; \$1,981; \$2,474; \$134 and \$1,878, respectively in interest during 2009.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

During 2009, investments were limited to STAR Ohio, certificates of deposits, money market mutual funds, and government securities. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

For purposes of the statement of cash flows and for presentation on the statement of net assets and fund balance sheets, 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.

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

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

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

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 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 2009, no net interest expense was incurred on enterprise fund construction projects.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

Reservation and designation of fund equity

The City reserves fund balances for amounts that are legally segregated for a specific purpose or which are not available for current appropriation or expenditure because of their non-monetary nature or lack of liquidity. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance has been reserved for encumbrances.

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.

Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the combined statement of net assets and in the business-type activities column of the statement of net assets because their use is limited for debt service payments and capital improvements.

Net Assets

Net assets represent the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are 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 assets are 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.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

Unearned/Deferred Revenues

Unearned and deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenues. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenues.

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

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.

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.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. 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 (\$545,881) difference are as follows:

Long Term Debt	(\$352,989)
Accrued Interest Payable	(2,198)
Compensated Absences Payable	(190,694)
	(190,694)
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	(\$545,881)

Another element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.” The details of \$3,122,609 difference are as follows:

Capital Assets	\$5,434,342
Accumulated Depreciation	(2,311,733)
	(2,311,733)
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$3,122,609

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 assets 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.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

This is the amount by which depreciation exceeded capital outlay in the current period. The details of this (\$28,220) are as follows:

Current capital additions	\$225,476
Loss on disposal of capital assets	(25,350)
Depreciation Expense	(228,346)
Net Adjustment - capital assets to increase <i>fund balance</i> - total <i>governmental funds</i> to arrive at <i>net assets</i> - <i>governmental activities</i>	(\$28,220)

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 assets. Also, governmental funds report the effect of issuance costs, 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 \$98,278 are as follows:

Principal paid on long term debt	\$97,729
Change in interest payable	549
Net Adjustment - current financial resources focus to reduce <i>fund balance</i> – total <i>governmental funds</i> to arrive at <i>net assets</i> – <i>governmental activities</i>	\$98,278

3. Change in Accounting Principles Policy

For 2009, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 53, “*Accounting and Financial Reporting for Derivative Instruments*”. GASB Statement No. 53 addresses how state and local governments should account for and disclose any investments in derivatives related to the respective debt issues.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

The City has also implemented GASB Statement No. 55, “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*”, a codification of all the different types of authoritative literature. The implementation of these statements did not result in any change to the financial statements.

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 reservation of fund balance for governmental funds.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

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

	General Fund	Street Fund
GAAP Basis	(\$117,035)	(\$118,799)
Adjustments:		
Revenue Accruals	53,173	21,962
Expenditure Accruals	18,329	74,105
Encumbrances	(43,038)	(44,201)
Budget Basis	(\$88,571)	(\$66,933)

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;

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

- 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;
- 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.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority.

A. Deposits

At year-end, the carrying amount of the City's deposits was \$4,345,361.

Custodial Credit Risk

As of December 31, 2009, \$567,083 of the City's bank balance of \$4,430,335 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. 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.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

B. Investments

The City's investments at December 31, 2009 are summarized below:

Categorized Investments	Fair Value		Credit Rating
	Under One Year	One to Five Years	
U.S. Governmental Agencies	\$0	\$256,640	NA
STAR Ohio	248,061	0	S&P - AAAM
Money Market Mutual Funds	1,036,671	0	S&P - AAAM
Total	\$1,284,732	\$256,640	

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. The City has a sixty-seven percent interest in the money market mutual funds, a sixteen percent interest in STAR Ohio and a seventeen percent interest in Federal Home Loan Bank notes. These are the only investments greater than five percent required to be disclosed.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

6. Property Taxes:

Property taxes include amounts levied against all real, public utility and tangible personal 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.

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values listed on December 31 of the prior year, and at tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its assessed value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property 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, 2009, was \$3.24 per \$1,000 of assessed valuation.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$177,246,280
Public Utility Tangible Personal Property	7,219,300
Total Property Tax	<u>\$184,465,580</u>

Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies that are measurable as of December 31, 2009. 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 2009 operations. The receivable is therefore offset by a credit to deferred revenue and reported as unearned revenue on statement of net assets.

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 2009, the proceeds were allocated to the General Fund. Income tax revenue for 2009 was \$1,516,298.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

8. Receivables:

Receivables at December 31, 2009, 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	
<u>MAJOR FUNDS</u>	
<i>General Fund:</i>	
Local Government Revenue	\$136,492
Homestead and Rollback	37,873
Total General Fund	<u>174,365</u>
<i>Street Fund:</i>	
Motor Vehicle License Tax	39,053
Gas Tax	162,960
Total Street Fund	<u>202,013</u>
<u>NONMAJOR FUNDS</u>	
<i>Parks and Recreation Fund</i>	
Recycling Grant	<u>5,696</u>
<i>State Highway Fund</i>	
Motor Vehicle License Tax	2,024
Gas Tax	18,107
Total State Highway Fund	<u>20,131</u>
<i>Permissive Motor Vehicle License Fund</i>	
Permissive Tax	<u>38,372</u>
Total for Governmental Activities	<u><u>\$440,577</u></u>

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

9. Capital Assets:

Changes in Capital Assets during the year ended December 31, 2009, were as follows:

	Balance 12/31/08	Increases	Decreases	Balance 12/31/09
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$369,473	\$0	\$0	\$369,473
Construction In Progress	0	27,362	0	27,362
Total Capital Assets not being depreciated	369,473	27,362	0	396,835
Capital Assets, being depreciated:				
Buildings	1,683,944	0	0	1,683,944
Improvements other than Buildings	663,018	0	0	663,018
Machinery, Equipment and Vehicles	2,565,102	198,114	(72,671)	2,690,545
Total Capital Assets being depreciated	4,912,064	198,114	(72,671)	5,037,507
Accumulated Depreciation:				
Buildings	(551,833)	(35,830)	0	(587,663)
Improvements other than Buildings	(60,094)	(9,930)	0	(70,024)
Machinery, Equipment and Vehicles	(1,518,781)	(182,586)	47,321	(1,654,046)
Total Accumulated Depreciation	(2,130,708)	(228,346)	47,321	(2,311,733)
Net Capital Assets, being depreciated	2,781,356	(30,232)	(25,350)	2,725,774
Governmental Activities Capital Assets	\$3,150,829	(\$2,870)	(\$25,350)	\$3,122,609
Business Type Activities				
Capital Assets, not being depreciated				
Land	\$2,810,498	\$0	\$0	\$2,810,498
Capital Assets, being depreciated				
Plant	5,336,768	0	0	5,336,768
Water and Sewer Lines	4,516,492	160,524	0	4,677,016
Improvements other than Buildings	40,980	0	0	40,980
Machinery, Equipment and Vehicles	1,704,521	78,188	0	1,782,709
Total Capital Assets being depreciated	11,598,761	238,712	0	11,837,473

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

	Balance			Balance
	12/31/08	Increases	Decreases	12/31/09
Business Type Activities				
Accumulated Depreciation:				
Plant	(\$124,199)	(\$9,868)	\$0	(\$134,067)
Water and Sewer Lines	(1,931,990)	(66,286)	0	(1,998,276)
Improvements other than Buildings	(65,976)	(16,006)	0	(81,982)
Machinery, Equipment and Vehicles	(1,340,270)	(192,384)	0	(1,532,654)
Total Accumulated Depreciation	(3,462,435)	(284,544)	0	(3,746,979)
Net Capital Assets, being depreciated	8,136,326	(45,832)	0	8,090,494
Business Type Activities Capital Assets	\$10,946,824	(\$45,832)	\$0	\$10,900,992

* Depreciation expense was charged to governmental functions as follows:

Governmental Activities:

Security of Persons and Property	\$127,102
Leisure Time Activities	15,386
Community Environment	5,080
Public Health and Welfare	1,907
Transportation	29,956
General Government	48,915
	48,915
Total Depreciation Expense - governmental activities	\$228,346

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

Business Type Activities:

Water	\$219,309
Sewer	42,760
Refuse	833
Non-major enterprise	21,642
	21,642
Total Depreciation Expense - business-type activities	\$284,544

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

10. Defined Benefit Pension Plans:

Public Employees Retirement System

The City contributes to the Public Employees Retirement System of Ohio (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-8025 or 1-800-222- PERS (7377).

OPERS administers three separate pension plans as described below:

- The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan
- The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
- The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

CITY OF TRENTON, OHIO
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Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. Contributions are authorized by State statute. The employer pension contribution rate for the City is 14% of covered payroll. The contribution rates are determined actuarially. The City's pension required contributions to OPERS for the years ended December 31, 2009, 2008, and 2007, were \$140,487, \$96,697, and \$107,180, respectively. The full amount has been contributed for 2008 and 2007. Ninety-five percent has been contributed for 2009 with the remainder being reported as a liability within the respective funds.

Police and Firemen's Disability and Pension Fund

The City contributes to the Ohio Police and Firemen's Disability and Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan. The Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 and 24 percent respectively for police officers and firefighters. Contributions are authorized by State statute. The City's pension required contributions to the Fund for the years ended December 31, 2009, 2008, and 2007, were \$158,043, \$165,047, and \$107,301, respectively. The full amount has been contributed for 2008 and 2007. Ninety-nine percent has been contributed for 2009 with the remainder being reported as a liability within the respective funds.

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NOTES TO THE FINANCIAL STATEMENTS

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 the retirement system meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits 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 2009, state and local employers contributed at a rate of 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post-Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of

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post-employment health care benefits. For January 1, 2009 to March 31, 2009, the employer contribution allocated to the health care plan was 7% of covered payroll and 5.5% from April 1, 2009 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's actual contributions for health care to OPERS for the years ending December 31, 2009, 2008, and 2007 were \$94,420, \$96,697, and \$84,700, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1 of each year from 2006 to 2008. These rate increased allowed additional funds to be allocated to the health care plan.

Police and Firemen's Disability and 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.

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 survivor benefit check 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.

CITY OF TRENTON, OHIO
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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, 2009, the employer contribution allocated to the health care plan was 6.75% 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, 2009, 2008, and 2007 were \$81,928, \$83,474, and \$57,804, respectively, which were equal to the required contributions for each year.

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.

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

CITY OF TRENTON, OHIO
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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 one to two 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 less than 90 percent of the monthly premium. The premium varies with each employee depending on the coverage elected. Dental insurance is offered to employees through Dental Care Plus, the City pays less than 90 percent of the monthly premium. In both cases the employee pays the remaining premium through payroll deduction. The employees pay 10 percent plus \$10 each week for medical and dental coverage.

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 participates in The Ohio Plan (Plan), an association of approximately 500 public entities from the state of Ohio joined together in the largest alternative insurance program in Ohio. The Ohio Plan provides comprehensive, liability and property coverage in addition to risk management services.

The coverage period is September 20 to September 20 with an occurrence form of coverage. Occurrence form coverage covers claims that arise out of damage or injury that took place during the policy period, regardless of when claims are made.

The Ohio Plan is managed by a ten-member, Board of Directors consisting of individual representatives of the Ohio Plan membership from different regions of the state. Hylant Administrative Services, a third party administrator, provides claims services while all lines of coverage are reinsured with multiple A- rated carriers. The additional information on the Plan can be attained at: P.O. Box 2083, Toledo, Ohio 43603-2083.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

General liability, police professional liability, public officials' liability, and automobile liability have a \$5 million limit each occurrence (\$7 million annual aggregate), while employee benefits liability has a \$5 million limit (\$7 million annual aggregate). Property coverage is limited to the value of the property, as is boiler and machinery. General liability has a \$0 deductible, police professional and public officials' have deductibles of \$1,000, while the deductible on automotive is \$500 for comprehensive and collision. The deductible for property, and boiler and machinery is \$1,000.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There has been no material change in this coverage from the prior year.

Workers' compensation

For fiscal year 2009, the City participated in the Ohio Municipal League of Ohio Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the 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 Gates McDonald 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 access less experience for three years following the last year of participation.

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14. Long-Term Obligations:

Changes in long-term obligations during 2009 were as follows:

	Balance 12/31/08	Increase	Decrease	Balance 12/31/09	Due within one year
Governmental Activities:					
General Obligation Bond – Building 4.40% to 4.97%	\$331,670	\$0	\$66,333	\$265,337	\$66,333
General Obligation Bond – Ambulance	92,710	0	18,520	74,190	19,360
General Obligation Bond – Backhoe	26,338	0	12,876	13,462	13,462
Compensated Absences Payable	143,755	177,873	130,934	190,694	71,353
Total – Governmental Activities	594,473	177,873	228,663	543,683	170,508
Business -Type Activities:					
Water Revenue Bonds 2%-5.25%	7,385,000	0	155,000	7,230,000	160,000
Premium on Revenue Bonds	74,075	0	2,905	71,170	0
Ohio Public Works Commission Loan	0	853,000	0	853,000	42,650
General Obligation Bond – Backhoe	39,507	0	19,314	20,193	20,193
Compensated Absences Payable	62,019	78,994	57,406	83,607	23,693
Total – Business - Type Activities	\$7,560,601	\$931,994	\$234,625	\$8,257,970	\$246,536

The municipal building general obligation bond was issued in 1999 at a variable interest rate from 4.4% to 4.97% over fifteen years. Interest is paid semi-annually. The bond will be repaid from tax monies received in the General Debt Service Fund.

The ambulance general obligation bond was issued in 2008 at an interest rate of 4.50% over five years. Principal and interest is paid monthly. The bond will be repaid from charges for services received in the Fire Levy Fund.

CITY OF TRENTON, OHIO
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The backhoe general obligation bond was issued in 2008 at an interest rate of 4.40% over two years. Principal and interest is paid monthly. The bond will be repaid from revenues received in the Street, Parks and Recreation Special Revenue funds, Water, Sewer and Refuse enterprise funds.

The water system improvement revenue bond was issued in June 2004 at a variable interest rate from 2.00% to 5.25% over thirty years. Interest is paid semi-annually. The bond was issued at a premium 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 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.

Compensated absences will be paid from the fund from which the employee is paid. As of December 31, 2009 the City's overall voted legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$19,088,281 and the unvoted legal debt margin was \$9,865,002.

Annual debt service requirements to maturity for general obligation bonds are as follows:

GOVERNMENTAL ACTIVITIES			
<u>General Obligation Bonds – Building</u>			
<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$66,333	\$11,539	\$77,872
2011	66,333	8,242	74,575
2012	66,333	4,945	71,278
2013	66,338	1,648	67,986
Totals	<u>\$265,337</u>	<u>\$26,374</u>	<u>\$291,711</u>

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Annual debt service requirements to maturity for the general obligation bonds for the backhoe payable are as follows:

General Obligation Bonds Payable – Backhoe						
GOVERNMENTAL ACTIVITIES				BUSINESS TYPE ACTIVITIES		
Years	Principal	Interest	Total	Principal	Interest	Total
2010	\$13,462	\$332	\$13,794	\$20,193	\$486	\$20,679

Annual debt service requirements to maturity for general obligation bonds for the ambulance are as follows:

GOVERNMENTAL ACTIVITIES			
General Obligation Bonds – Ambulance			
Years	Principal	Interest	Total
2010	\$19,360	\$2,916	\$22,276
2011	20,250	2,026	22,276
2012	21,190	1,096	22,286
2013	13,390	194	13,584
Totals	\$74,190	\$6,232	\$80,422

Annual debt service requirements to maturity for water revenue bonds are as follows:

BUSINESS-TYPE ACTIVITIES			
Revenue Bonds			
Years	Principal	Interest	Total
2010	\$160,000	\$360,274	\$520,274
2011	165,000	354,754	519,754
2012	170,000	348,731	518,731
2013	175,000	342,271	517,271
2014	180,000	335,271	515,271
2015-2019	1,050,000	1,542,815	2,592,815
2020-2024	1,355,000	1,239,356	2,594,356
2025-2029	1,740,000	849,213	2,589,213
2030-2034	2,235,000	354,650	2,589,650
Totals	\$7,230,000	\$5,727,335	\$12,957,335

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

BUSINESS-TYPE ACTIVITIES			
OPWC Loans			
Years	Principal	Interest	Total
2010	\$42,650	\$0	\$42,650
2011	42,650	0	42,650
2012	42,650	0	42,650
2013	42,650	0	42,650
2014	42,650	0	42,650
2015-2019	213,250	0	213,250
2020-2024	213,250	0	213,250
2025-2029	213,250	0	213,250
Totals	<u>\$853,000</u>	<u>\$0</u>	<u>\$853,000</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.

The following bond was collateralized by either both of 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, 2009:

Revenue Bond	Maturity Date	Interest Rate	Principal Balance as of 12/31/09
McCullough-Hyde Memorial Hospital Inc.	03/22/2017	4.66	\$641,069

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

15. Short Term Note

A summary of the note transactions for the year ended December 31, 2009, follows:

Fund	Balance 12/31/08	Increases	Decreases	Balance 12/31/09
MAJOR FUNDS				
Water Fund	\$2,385,000	\$2,385,000	\$2,385,000	\$2,385,000
	0	245,000	0	245,000
	0	21,000	0	21,000
Total Water Fund	2,385,000	2,651,000	2,385,000	2,651,000
Sewer Fund	0	21,000	0	21,000
Refuse Fund	0	21,000	0	21,000
Street Fund	0	21,000	0	21,000
NONMAJOR FUNDS				
Governmental	0	21,000	0	21,000
All Funds	\$2,385,000	\$2,735,000	\$2,385,000	\$2,735,000

The \$2,385,000 note was 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 notes were issued on March 12, 2009 at a 2.00 percent interest rate.

The \$245,000 note was issued as part of the Orbit Sheet Metal settlement. The note will be retired with water revenue. They are backed by the full faith and credit of the Water operating revenue and mature on March 11, 2010. The notes were issued on August 26, 2009 at a 3.00 percent interest rate.

The remaining notes were issued to fund the purchase of a dump truck. The note will be retired from the following funds: water, sewer, refuse, street and parks with the available revenue from each of those funds. They are backed by the full faith and credit of the respective operating revenue or general obligation credit of the City and mature on March 11, 2010. The notes were issued on August 26, 2009 at a 3.00 percent interest rate.

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

16. Transfers

Following is a summary of transfers in and out for all funds for 2009:

Fund	Transfers In	Transfers Out
MAJOR FUNDS		
General	\$0	\$538,700
Non-Major Governmental Funds	538,700	0
Total All Funds	\$538,700	\$538,700

The transfers from the General Fund to the other governmental funds are to help support those functions. The General Fund transfers of \$98,000 to Parks and Recreation Fund; \$300,000 to the Fire Levy Fund; and \$140,700 to the Debt Service Fund allowed these funds to pay expenditures as these funds do not generate sufficient revenues to cover all expenditures.

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

CITY OF TRENTON, OHIO
NOTES TO THE FINANCIAL STATEMENTS

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 \$3,572 to OKI during 2009. 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.

18. Risk Sharing Pool

The City belongs to the Ohio Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures with A- VII or better rated carriers, except for a five percent portion retained by the Plan. After September 1, 2002, the Plan pays the lesser of five percent or \$25,000 for casualty losses up to the coverage limit and the lesser of five percent or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from Member to Member

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.

Bastin & Company, LLC

Certified Public Accountants

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*

To the Members of City Council
City of Trenton, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trenton, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the City of Trenton, Ohio's basic financial statements, and have issued our report thereon dated June 15, 2010. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Trenton, Ohio's internal control over financial reporting as a basis for designing our auditing procedures 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 of Trenton, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Trenton, Ohio's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Trenton, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We noted certain matters that we have reported to management of the City in a separate letter dated June 15, 2010.

This report is intended solely for the information and use of management, City Council, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
June 15, 2010

**CITY OF TRENTON
SCHEDULE OF PRIOR YEAR FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation:
2008-01	ORC Section 5705.39. Appropriations exceeded estimated resources	Yes	Condition not noted in current audit.
2008-02	ORC Section 5705.41. Failure to properly encumber prior to incurring the obligation.	Partially	City implemented a new system during 2009. A comment has been made to address a documentation issue in a letter to management.



Mary Taylor, CPA
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 20, 2010