



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CITY OF KENTON  
HARDIN COUNTY  
DECEMBER 31, 2024**

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CITY OF KENTON  
HARDIN COUNTY  
DECEMBER 31, 2024

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# OHIO AUDITOR OF STATE KEITH FABER

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## INDEPENDENT AUDITOR'S REPORT

City of Kenton  
Hardin County  
111 West Franklin Street  
Kenton, Ohio 43326

To the Members of the City Council:

### Report on the Audit of the Financial Statements

#### ***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Kenton, as of December 31, 2024, and the respective changes in cash-basis financial position thereof for the year then ended in accordance with the cash-basis of accounting described in Note 2.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter - Accounting Basis***

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

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance - Budget and Actual (Budgetary Basis) for the General and Street funds are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KEITH FABER  
Ohio Auditor of State



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

December 12, 2025

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**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

The management's discussion and analysis of the City of Kenton (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2024, within the limitations of the City's cash basis of accounting. 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 the notes to the basic financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights for 2024 are as follows:

- The total net cash position of the City increased \$1,120,256 from 2023's net cash position. Net cash position of governmental activities increased \$458,025 or 8.63% from 2023's net position. Net cash position of business-type activities increased \$662,231 or 11.97% from 2023's net cash position.
- General cash receipts accounted for \$6,478,536 or 75.91% of total governmental activities cash receipts. Program specific cash receipts accounted for \$2,056,003, or 24.09% of total governmental activities cash receipts.
- The City had \$8,076,514 in cash disbursements related to governmental activities; \$2,056,003 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$6,478,536 were adequate to provide for these programs.
- The City's major governmental funds are the general fund and the street fund. The general fund had cash receipts and other financing sources of \$6,804,915 and cash disbursements and other financing uses of \$6,538,855 in 2024. The fund cash balance of the general fund increased from \$4,333,430 to \$4,599,490.
- The street fund had cash receipts and other financing sources of \$1,750,307 and cash disbursements and other financing uses of \$1,552,652 in 2024. The fund cash balance of the street fund increased from \$307,195 to \$504,850.
- The City's major enterprise funds are the water fund and the sewer fund. Net cash position for the water fund increased in 2024 by \$58,574 or 3.00%. Net cash position for the sewer fund increased in 2024 by \$625,299 or 19.54%.

**Using the Cash Basis Basic Financial Statements (BFS)**

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

The statement of net position - cash basis and the statement of activities - cash basis provide information about the activities of the whole City, presenting an aggregate view of the City's cash basis finances. 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 remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. In the case of the City, the general fund and the street fund are the only major governmental funds.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**Reporting the City as a Whole**

***Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis***

The statement of net position - cash basis and the statement of activities - cash basis answer the question, "How did the City perform financially during 2024?" These statements include only net cash position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis of accounting takes into account only the current year receipts and disbursements if the cash is actually received or paid.

These two statements report the City's net cash position and changes in net cash position on a cash basis. This change in net cash position is important because it tells the reader that, for the City as a whole, the cash basis financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property and income tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and State programs, and other factors.

As a result of the use of the cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on receipts and disbursements are not recorded in these basic financial statements; therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position - cash basis and the statement of activities - cash basis, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including public works, health, public safety, leisure time activities, and general government.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the cash disbursements of the goods or services provided. The City's water fund, sewer fund, refuse fund, and stormwater are reported as business-type activities.

**Reporting the City'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 objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund and the street fund.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

***Governmental Funds***

Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various City programs. Since the City is reporting on the cash basis of accounting, there are no differences in the net cash position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the statement of activities - cash basis due to transfers between governmental funds being eliminated for reporting in the statement of activities - cash basis.

***Proprietary Funds***

The City maintains one type of proprietary fund. Enterprise funds use the same basis of accounting (cash basis) as governmental activities; therefore, these statements will essentially match the information provided in the statements for the City as a whole. The City uses enterprise funds to account for water operations, sewer operations, refuse, and stormwater operations.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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's only fiduciary funds are custodial funds.

**Notes to the Basic Financial Statements**

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

**Supplementary Information**

The City's budgetary process accounts for certain transactions on a cash basis. A budgetary schedule for the general fund and street fund are presented to demonstrate the City's compliance with annually adopted budgets.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**Government-Wide Financial Analysis**

The statement of net position - cash basis serves as a useful indicator of a government's financial position. The table below provides a summary of the City's net cash position at December 31, 2024 and December 31, 2023.

			<b>Net Cash Position</b>			
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Total	Total
	2024	2024	2023	2023	2024	2023
<b><u>Assets:</u></b>						
Equity in pooled cash and cash equivalents	\$ 5,728,045	\$ 6,043,631	\$ 5,094,954	\$ 5,383,928	\$ 11,771,676	\$ 10,478,882
Cash in segregated accounts	35,855	-	210,921	-	35,855	210,921
Restricted:						
Equity in pooled cash and cash equivalents	-	149,305	-	146,777	149,305	146,777
Total assets	<u>5,763,900</u>	<u>6,192,936</u>	<u>5,305,875</u>	<u>5,530,705</u>	<u>11,956,836</u>	<u>10,836,580</u>
<b><u>Net cash position:</u></b>						
Restricted	1,164,156	149,305	977,051	146,777	1,313,461	1,123,828
Unrestricted	<u>4,599,744</u>	<u>6,043,631</u>	<u>4,328,824</u>	<u>5,383,928</u>	<u>10,643,375</u>	<u>9,712,752</u>
Total net cash position	<u>\$ 5,763,900</u>	<u>\$ 6,192,936</u>	<u>\$ 5,305,875</u>	<u>\$ 5,530,705</u>	<u>\$ 11,956,836</u>	<u>\$ 10,836,580</u>

At December 31, 2024, a portion of the City's net cash position, \$1,313,461, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net cash position of \$10,643,375 may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

The table below shows the changes in net cash position for 2024 and 2023.

	<b>Change in Net Cash Position</b>					
	Governmental	Business-type	Governmental	Business-type	2024	2023
	Activities	Activities	Activities	Activities	Total	Total
	2024	2024	2023	2023		
<b><u>Cash receipts:</u></b>						
Program cash receipts:						
Charges for services	\$ 889,832	\$ 5,059,539	\$ 833,712	\$ 4,970,458	\$ 5,949,371	\$ 5,804,170
Operating grants and contributions	1,031,219	2,751,402	1,215,001	63,860	3,782,621	1,278,861
Capital grants and contributions	<u>134,952</u>	<u>-</u>	<u>306,654</u>	<u>-</u>	<u>134,952</u>	<u>306,654</u>
Total program cash receipts	<u>2,056,003</u>	<u>7,810,941</u>	<u>2,355,367</u>	<u>5,034,318</u>	<u>9,866,944</u>	<u>7,389,685</u>
General cash receipts:						
Property and income taxes	5,177,937	-	5,016,606	-	5,177,937	5,016,606
Unrestricted grants	766,082	-	300,331	-	766,082	300,331
Financed purchase proceeds	-	-	325,364	-	-	325,364
Loan proceeds	93,740	3,051,551	106,343	819,583	3,145,291	925,926
Investment receipts	336,376	147,023	378,674	-	483,399	378,674
Payment in lieu of taxes	12	-	12	-	12	12
Sale of assets	80,699	12,150	31,018	5,332	92,849	36,350
Miscellaneous	<u>23,690</u>	<u>194,212</u>	<u>22,249</u>	<u>230,158</u>	<u>217,902</u>	<u>252,407</u>
Total general cash receipts	<u>6,478,536</u>	<u>3,404,936</u>	<u>6,180,597</u>	<u>1,055,073</u>	<u>9,883,472</u>	<u>7,235,670</u>
Total cash receipts	<u>8,534,539</u>	<u>11,215,877</u>	<u>8,535,964</u>	<u>6,089,391</u>	<u>19,750,416</u>	<u>14,625,355</u>
<b><u>Cash disbursements:</u></b>						
General government	1,399,842	-	1,579,592	-	1,399,842	1,579,592
Public safety	4,173,223	-	3,195,333	-	4,173,223	3,195,333
Public works	1,103,130	-	1,019,109	-	1,103,130	1,019,109
Health	88,500	-	88,500	-	88,500	88,500
Economic development	-	-	15,206	-	-	15,206
Leisure time activities	199,664	-	748,366	-	199,664	748,366
Capital outlay	894,621	-	1,209,715	-	894,621	1,209,715
Intergovernmental	105,708	-	107,903	-	105,708	107,903
Debt service	111,826	-	28,675	-	111,826	28,675
Water	-	4,158,426	-	2,876,512	4,158,426	2,876,512
Sewer	-	5,276,813	-	1,737,488	5,276,813	1,737,488
Refuse	-	590,498	-	557,465	590,498	557,465
Stormwater	<u>-</u>	<u>527,909</u>	<u>-</u>	<u>511,729</u>	<u>527,909</u>	<u>511,729</u>
Total cash disbursements	<u>8,076,514</u>	<u>10,553,646</u>	<u>7,992,399</u>	<u>5,683,194</u>	<u>18,630,160</u>	<u>13,675,593</u>
Change in net cash position	458,025	662,231	543,565	406,197	1,120,256	949,762
Transfers	<u>-</u>	<u>-</u>	<u>(290,000)</u>	<u>290,000</u>	<u>-</u>	<u>-</u>
Change in net cash position	458,025	662,231	253,565	696,197	1,120,256	949,762
Net cash position at beginning of year	<u>5,305,875</u>	<u>5,530,705</u>	<u>5,052,310</u>	<u>4,834,508</u>	<u>10,836,580</u>	<u>9,886,818</u>
Net cash position at end of year	<u>\$ 5,763,900</u>	<u>\$ 6,192,936</u>	<u>\$ 5,305,875</u>	<u>\$ 5,530,705</u>	<u>\$ 11,956,836</u>	<u>\$ 10,836,580</u>

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**Governmental Activities**

Governmental activities net cash position increased \$458,025 or 8.63% in 2024. Cash receipts decreased in 2024 and cash disbursements increased in 2024. The decrease in cash receipts is primarily due to a decrease in capital grants and contributions and decreased operating grants and contributions in 2024. Cash disbursements in 2024 increased mainly due to an increase in public safety expenditures.

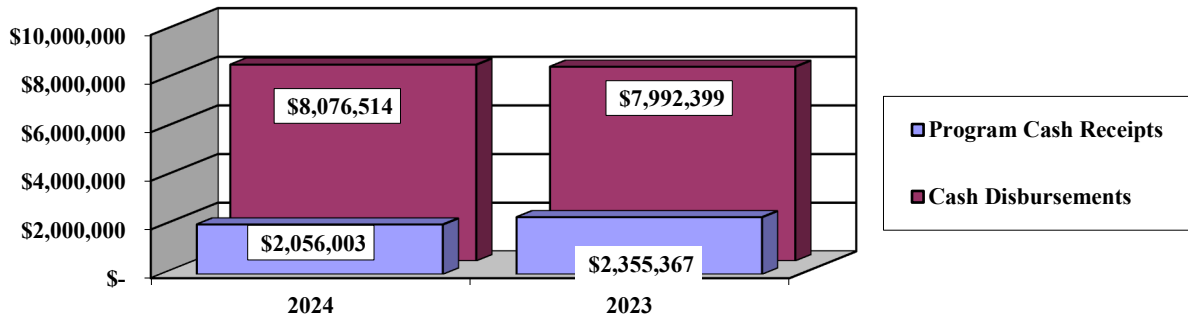
General government represents activities related to the governing body, as well as activities that directly support City programs. In 2024, general government cash disbursements totaled \$1,399,842 or 17.33% of total governmental cash disbursements. General government programs were supported by \$424,820 in direct charges to users for services and \$2,000 in operating grants and contributions.

In 2024, public safety cash disbursements totaled \$4,173,223 or 51.67% of total governmental cash disbursements. Public safety programs were supported by \$361,368 in direct charges to users for services and \$286,890 in operating grants and contributions.

In 2024, public works cash disbursements totaled \$1,103,130 or 13.66% of total governmental cash disbursements. Public works programs were supported by \$770 in direct charges to users for services and \$634,454 in operating grants and contributions.

The statement of activities - cash basis shows the cost of program services and the charges for services and grants offsetting those services. As can be seen in the graph below, the City is highly dependent upon general cash receipts (primarily property and income taxes) to support its governmental activities. General cash receipts were sufficient to cover the remaining governmental activities cash disbursements during 2024.

**Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements**



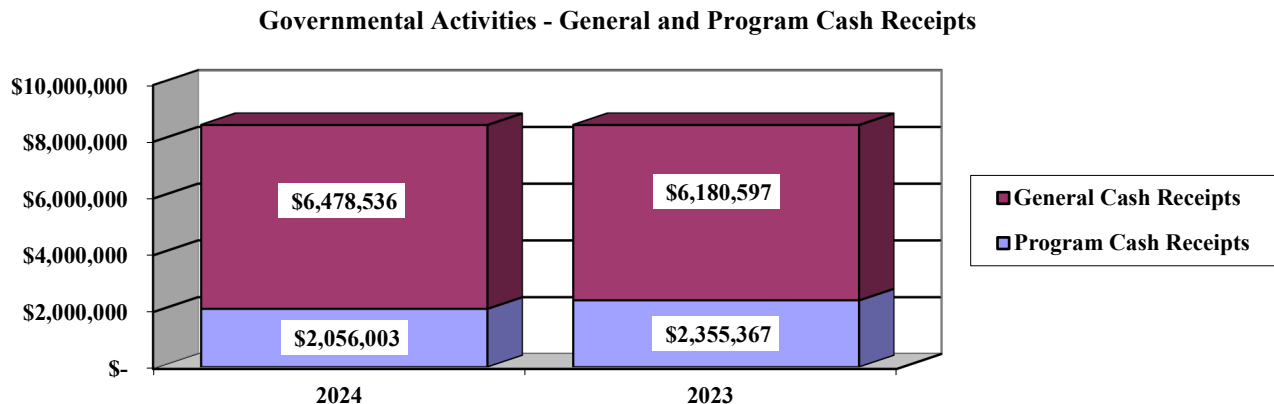
**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

The following table shows, for the governmental activities, the total cost of services and the net cost of services for 2024 and 2023. That is, it identifies the cost of these services supported by tax receipts, unrestricted State grants and entitlements, and other general cash receipts.

	<b>Governmental Activities</b>			
	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
<b>Cash disbursements:</b>				
General government	\$ 1,399,842	\$ 973,022	\$ 1,579,592	\$ 665,202
Public safety	4,173,223	3,524,965	3,195,333	2,744,112
Public works	1,103,130	467,906	1,019,109	456,548
Health	88,500	88,500	88,500	88,500
Economic development	-	(2,393)	15,206	7,206
Leisure time activities	199,664	(8,692)	748,366	465,427
Capital outlay	894,621	759,669	1,209,715	1,073,459
Intergovernmental	105,708	105,708	107,903	107,903
Debt service	111,826	111,826	28,675	28,675
<b>Total</b>	<b>\$ 8,076,514</b>	<b>\$ 6,020,511</b>	<b>\$ 7,992,399</b>	<b>\$ 5,637,032</b>

The dependence upon general cash receipts for governmental activities is apparent, as only 25.46% of cash disbursements in 2024 were supported by program cash receipts such as charges for services and operating grants and contributions.



**Business-type Activities**

The water fund, the sewer fund, the refuse fund, and the stormwater fund are the City's business-type activities. These programs had cash receipts of \$11,215,877 and cash disbursements of \$10,553,646 during 2024. The net cash position of the business-type activities increased \$662,231 from 2023's net cash position.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**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 City's governmental funds reported a combined fund cash balance of \$5,763,900, which is \$458,025 more than last year's total of \$5,305,875. The table below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2024 and December 31, 2023 for all major and nonmajor governmental funds.

	Fund Cash Balance <u>December 31, 2024</u>	Fund Cash Balance <u>December 31, 2023</u>	<u>Change</u>
<b>Major funds:</b>			
General	\$ 4,599,490	\$ 4,333,430	\$ 266,060
Street	504,850	307,195	197,655
Nonmajor governmental funds	<u>659,560</u>	<u>665,250</u>	<u>(5,690)</u>
Total	<u>\$ 5,763,900</u>	<u>\$ 5,305,875</u>	<u>\$ 458,025</u>

***General Fund***

The general fund had cash receipts and cash disbursements of \$6,787,003 and \$5,333,539, respectively, in 2024. These amounts exclude other financing sources and uses, which consisted of \$17,912 in sale of assets and \$1,205,316 in transfers out. The fund cash balance of the general fund increased \$266,060 from 2023 to 2024.

The table that follows assists in illustrating the cash receipts of the general fund.

	<u>2024 Amount</u>	<u>2023 Amount</u>	<u>Change</u>	<u>Percentage Change</u>
<b><u>Cash receipts:</u></b>				
Taxes	\$ 5,001,095	\$ 4,846,683	\$ 154,412	3.19 %
Charges for services	323,131	304,285	18,846	6.19 %
Licenses and permits	46,771	50,160	(3,389)	(6.76) %
Fines and forfeitures	301,624	277,586	24,038	8.66 %
Intergovernmental	753,831	288,798	465,033	161.02 %
Investment receipts	334,854	378,674	(43,820)	(11.57) %
Miscellaneous	<u>25,697</u>	<u>79,157</u>	<u>(53,460)</u>	<u>(67.54) %</u>
Total	<u>\$ 6,787,003</u>	<u>\$ 6,225,343</u>	<u>\$ 561,660</u>	9.02 %

Overall cash receipts of the general fund increased \$561,660 or 9.02%. Taxes, the main source of revenue for the general fund, increased due to an increase in income and property tax collections. Charges for services increased due to an increase in fees received related to the fire department. Intergovernmental receipts increased due to the City receiving a one-time strategic grant from the State of Ohio. Investment receipts decreased due to interest rates. Miscellaneous receipts decreased due to decreased contributions and donations during the year.



**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

The table that follows assists in illustrating the cash disbursements of the general fund.

	<u>2024</u> <u>Amount</u>	<u>2023</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash disbursements:</u></b>				
General government	\$ 1,345,644	\$ 1,073,241	\$ 272,403	25.38 %
Public safety	3,740,422	3,056,436	683,986	22.38 %
Health	88,500	88,500	-	- %
Economic development	-	15,206	(15,206)	100.00 %
Capital outlay	<u>158,973</u>	<u>710,642</u>	<u>(551,669)</u>	<u>(77.63) %</u>
Total	<u>\$ 5,333,539</u>	<u>\$ 4,944,025</u>	<u>\$ 389,514</u>	7.88 %

Total cash disbursements of the general fund increased \$389,514 or 7.88%. General government disbursements increased due to increased wages and benefits. Public safety disbursements increased due to increases in Police and Fire wages and benefits. Capital outlay decreased due to decreased maintenance projects done by the City. All other cash disbursements were comparable to the prior year or changed an insignificant amount.

***Street Fund***

The street fund had cash receipts and other financing sources of \$1,750,307 and cash disbursements and other financing uses of \$1,552,652 in 2024. The fund cash balance of the street fund increased from \$307,195 to \$504,850.

***Budgeting Highlights - General Fund***

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

During 2024, the original budgetary basis receipts for the general fund of \$6,149,694 were increased to \$6,667,882 in the final budget, mostly to account for an increase in income tax receipts. The actual budgetary basis receipts and other financing sources were \$6,827,412. The original budgetary basis disbursements and other financing uses were \$6,287,081 and the final budgetary basis disbursements and other financing uses were \$7,552,829. The actual budgetary basis disbursements and other financing uses of \$7,108,283 were less than the final budgeted amounts by \$444,546. This variance is a result of the City's conservative budgeting practices to ensure that all potential costs are accounted for in the final budget.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

***Enterprise Funds***

The City's enterprise funds reported a combined net cash position of \$6,192,936, which is \$662,231 more than last year's total of \$5,530,705.

The table below indicates the net cash position and the total change in net cash position as of December 31, 2024 and December 31, 2023 for all enterprise funds.

	<u>Net Cash Position December 31, 2024</u>	<u>Net Cash Position December 31, 2023</u>	<u>Change</u>
<b>Major funds:</b>			
Water	\$ 2,008,988	\$ 1,950,414	\$ 58,574
Sewer	3,825,344	3,200,045	625,299
<b>Nonmajor funds:</b>			
Refuse	213,921	165,999	47,922
Stormwater	<u>144,683</u>	<u>214,247</u>	<u>(69,564)</u>
Total	<u>\$ 6,192,936</u>	<u>\$ 5,530,705</u>	<u>\$ 662,231</u>

***Water Fund***

The water fund had operating cash receipts of \$2,355,170, operating cash disbursements of \$2,083,200, nonoperating cash receipts of \$1,861,830 and nonoperating disbursements of \$2,075,226 during 2024. The water fund's net cash position increased \$58,574 during 2024. The water funds intergovernmental nonoperating cash receipts increased due to the receipt of grant money from the Ohio Department of Development. The capital outlay nonoperating disbursement increased due to the downtown phase two project disbursements made during the year.

***Sewer Fund***

The sewer fund had operating cash receipts of \$2,227,604 and operating disbursements of \$1,610,762, nonoperating cash receipts of \$3,674,508, and nonoperating cash disbursements of \$3,666,051 during 2024. The sewer fund's net cash position increased \$625,299 during 2024.

**Capital Assets and Debt Administration**

***Capital Assets***

The City does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as cash disbursements. In 2024 the City had capital outlay cash disbursements of \$894,621 and \$1,944,292 for the governmental activities and business-type activities, respectively.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

***Debt Administration***

The City does not record long-term debt obligations in the accompanying cash basis basic financial statements, but records payments for principal and interest as cash disbursements and proceeds from debt issuances as cash receipts.

At year-end the City had \$3,974,043 in long-term debt outstanding – a decrease of 22.65% from 2023. Governmental activities accounted for \$558,337 and business-type activities accounted for \$3,415,706.

			<b>Long-term debt</b>			
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Total	Total
	2024	2024	2023	2023	2024	2023
<b><u>Net cash position:</u></b>						
Sewer loan	\$ -	\$ 6,345	\$ -	\$ 6,980	\$ 6,345	\$ 6,980
Bond obligations	102,277	173,123	129,947	197,853	275,400	327,800
Financed Purchase		183,891	325,364	272,743	183,891	598,107
OPWC loans	190,079	227,890	106,343	246,933	417,969	353,276
OWDA loans		2,824,457		3,851,370	2,824,457	3,851,370
Bank Loan	265,981		-		265,981	-
	<u>265,981</u>	<u></u>	<u>-</u>	<u></u>	<u>265,981</u>	<u>-</u>
Total net cash position	<u>\$ 558,337</u>	<u>\$ 3,415,706</u>	<u>\$ 561,654</u>	<u>\$ 4,575,879</u>	<u>\$ 3,974,043</u>	<u>\$ 5,137,533</u>

See Notes 5 and 6 to the basic financial statements for more detail on the City's long-term debt obligations outstanding.

**Current Financial Related Activities**

The City of Kenton faces the same challenge as all governments do, providing the same quality of service as past years with minimal increases in revenue and expenses continuing to increase. When comparing revenues (excluding transfers, advances, sale of assets, and debt proceeds) in 2024 and 2023 for the general fund, revenues increased by \$561,660. Expenses in 2024 increased by \$389,514 from 2023 in the general fund. With an increase in general fund revenue and an increase in general fund expenses we need to continue to be conservative in our spending and find ways to reduce our costs.

**Contacting the City's Financial Management**

This financial report is designed to provide the citizens, taxpayers, investors, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Kristy Scharf, Chief Deputy Auditor, 111 W. Franklin Street, Kenton, Ohio 43326.

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**CITY OF KENTON  
HARDIN COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2024

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 5,728,045	\$ 6,043,631	\$ 11,771,676
Cash in segregated accounts	35,855	-	35,855
Restricted assets:			
Equity in pooled cash and cash equivalents	-	149,305	149,305
Total assets	<u>5,763,900</u>	<u>6,192,936</u>	<u>11,956,836</u>
<b>Net cash position:</b>			
Restricted for:			
Customer water deposits	-	149,305	149,305
Other purposes	1,164,156	-	1,164,156
Unrestricted	<u>4,599,744</u>	<u>6,043,631</u>	<u>10,643,375</u>
Total net cash position	<u>\$ 5,763,900</u>	<u>\$ 6,192,936</u>	<u>\$ 11,956,836</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Program Cash Receipts</b>			
	<b>Cash</b>	<b>Charges for</b>	<b>Operating Grants</b>	<b>Capital Grants</b>
	<b>Disbursements</b>	<b>Services and Sales</b>	<b>and Contributions</b>	<b>and Contributions</b>
<b>Governmental activities:</b>				
General government	\$ 1,399,842	\$ 424,820	\$ 2,000	\$ -
Public safety	4,173,223	361,368	286,890	-
Public works	1,103,130	770	634,454	-
Health	88,500	-	-	-
Economic development	-	-	2,393	-
Leisure time activities	199,664	102,874	105,482	-
Capital outlay	894,621	-	-	134,952
Intergovernmental	105,708	-	-	-
Debt service:				
Principal retirement	97,057	-	-	-
Interest and fiscal charges	14,769	-	-	-
Total governmental activities	8,076,514	889,832	1,031,219	134,952
<b>Business-type activities:</b>				
Water	4,158,426	2,239,695	1,764,536	-
Sewer	5,276,813	2,148,867	574,896	-
Refuse	590,498	633,156	-	-
Stormwater	527,909	37,821	411,970	-
Total business-type activities	10,553,646	5,059,539	2,751,402	-
Total primary government	\$ 18,630,160	\$ 5,949,371	\$ 3,782,621	\$ 134,952

**General receipts:**

Income taxes levied for:

General purposes

Property taxes levied for:

General purposes

Police pension

Fire pension

Grove cemetery

Payments in lieu of taxes

Grants and entitlements not restricted  
to specific programs

Investment earnings

Sale of assets

Debt issuances

Miscellaneous

Total general receipts

Change in net position

**Net cash position at beginning of year**

**Net cash position at end of year**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Cash Disbursements) Cash Receipts  
and Changes in Net Cash Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (973,022)	\$ -	\$ (973,022)
(3,524,965)	-	(3,524,965)
(467,906)	-	(467,906)
(88,500)	-	(88,500)
2,393	-	2,393
8,692	-	8,692
(759,669)	-	(759,669)
(105,708)	-	(105,708)
(97,057)	-	(97,057)
(14,769)	-	(14,769)
(6,020,511)	-	(6,020,511)
-	(154,195)	(154,195)
-	(2,553,050)	(2,553,050)
-	42,658	42,658
-	(78,118)	(78,118)
-	(2,742,705)	(2,742,705)
(6,020,511)	(2,742,705)	(8,763,216)
4,647,706	-	4,647,706
353,389	-	353,389
37,121	-	37,121
37,121	-	37,121
102,600	-	102,600
12	-	12
766,082	-	766,082
336,376	147,023	483,399
80,699	12,150	92,849
93,740	3,051,551	3,145,291
23,690	194,212	217,902
6,478,536	3,404,936	9,883,472
458,025	662,231	1,120,256
5,305,875	5,530,705	10,836,580
<u>\$ 5,763,900</u>	<u>\$ 6,192,936</u>	<u>\$ 11,956,836</u>

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND CASH BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024

	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 4,563,635	\$ 504,850	\$ 659,560	\$ 5,728,045
Cash in segregated accounts	35,855	-	-	35,855
Total assets	<u>\$ 4,599,490</u>	<u>\$ 504,850</u>	<u>\$ 659,560</u>	<u>\$ 5,763,900</u>
<b>Fund cash balances:</b>				
Nonspendable	\$ 29,074	\$ -	\$ -	\$ 29,074
Restricted	-	504,850	630,232	1,135,082
Committed	-	-	29,328	29,328
Assigned	713,221	-	-	713,221
Unassigned	3,857,195	-	-	3,857,195
Total fund cash balances	<u>\$ 4,599,490</u>	<u>\$ 504,850</u>	<u>\$ 659,560</u>	<u>\$ 5,763,900</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF KENTON  
HARDIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	General	Street	Other Governmental Funds	Total Governmental Funds
<b>Cash receipts:</b>				
Income taxes	\$ 4,647,706	\$ -	\$ -	\$ 4,647,706
Property and other local taxes	353,389	-	176,810	530,199
Charges for services	323,131	-	102,874	426,005
Licenses and permits	46,771	770	-	47,541
Fines and forfeitures	301,624	-	102,605	404,229
Intergovernmental	753,831	471,462	306,675	1,531,968
Investment income	334,854	17,860	11,260	363,974
Contributions and donations	2,000	-	7,647	9,647
Payments in lieu of taxes	7	-	5	12
Other	23,690	74,742	300,387	398,819
Total cash receipts	<u>6,787,003</u>	<u>564,834</u>	<u>1,008,263</u>	<u>8,360,100</u>
<b>Cash disbursements:</b>				
General government:				
Legislative & executive	853,940	-	3,978	857,918
Judicial	491,704	-	50,220	541,924
Public safety	3,740,422	-	432,801	4,173,223
Public works	-	1,016,500	86,630	1,103,130
Health	88,500	-	-	88,500
Leisure time activity	-	-	199,664	199,664
Capital outlay	158,973	506,956	228,692	894,621
Intergovernmental	-	-	105,708	105,708
Debt service:				
Principal retirement	-	-	97,057	97,057
Interest and fiscal charges	-	-	14,769	14,769
Total cash disbursements	<u>5,333,539</u>	<u>1,523,456</u>	<u>1,219,519</u>	<u>8,076,514</u>
Excess (deficiency) of cash receipts over (under) cash disbursement	<u>1,453,464</u>	<u>(958,622)</u>	<u>(211,256)</u>	<u>283,586</u>
<b>Other financing sources (uses):</b>				
Sale of assets	17,912	62,787	-	80,699
Transfers in	-	1,122,686	111,826	1,234,512
Transfers out	(1,205,316)	(29,196)	-	(1,234,512)
Loan issuance	-	-	93,740	93,740
Total other financing sources (uses)	<u>(1,187,404)</u>	<u>1,156,277</u>	<u>205,566</u>	<u>174,439</u>
Net change in fund cash balances	266,060	197,655	(5,690)	458,025
<b>Fund cash balances at beginning of year</b>	<u>4,333,430</u>	<u>307,195</u>	<u>665,250</u>	<u>5,305,875</u>
<b>Fund cash balances at end of year</b>	<u>\$ 4,599,490</u>	<u>\$ 504,850</u>	<u>\$ 659,560</u>	<u>\$ 5,763,900</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS  
ENTERPRISE FUNDS  
DECEMBER 31, 2024

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 1,859,683	\$ 3,825,344	\$ 358,604	\$ 6,043,631
Restricted assets:				
Equity in pooled cash and cash equivalen	149,305	-	-	149,305
Total assets	<u>2,008,988</u>	<u>3,825,344</u>	<u>358,604</u>	<u>6,192,936</u>
<b>Net cash position:</b>				
Restricted for customer water deposits	149,305	-	-	149,305
Unrestricted	1,859,683	3,825,344	358,604	6,043,631
Total net cash position	<u>\$ 2,008,988</u>	<u>\$ 3,825,344</u>	<u>\$ 358,604</u>	<u>\$ 6,192,936</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGES IN NET POSITION - CASH BASIS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
<b>Operating cash receipts:</b>				
Charges for services	\$ 2,239,695	\$ 2,148,867	\$ 670,977	\$ 5,059,539
Other	115,475	78,737	-	194,212
Total operating cash receipts	2,355,170	2,227,604	670,977	5,253,751
<b>Operating cash disbursements:</b>				
Personal services	893,240	870,184	-	1,763,424
Contract services	290,336	337,861	672,242	1,300,439
Materials and supplies	797,694	402,289	4,840	1,204,823
Utility deposits returned	6,308	-	-	6,308
Other	95,622	428	-	96,050
Total operating cash disbursements	2,083,200	1,610,762	677,082	4,371,044
Operating income (loss)	271,970	616,842	(6,105)	882,707
<b>Nonoperating cash receipts (disbursements):</b>				
Principal retirement	(151,119)	(65,730)	(22,607)	(239,456)
Interest and fiscal charges	(17,739)	(6,509)	(2,338)	(26,586)
Sale of assets	10,200	1,950	-	12,150
Intergovernmental	1,764,536	574,896	411,970	2,751,402
Interest income	45,194	92,421	9,408	147,023
Principal forgiveness	-	(3,555,888)	(416,380)	(3,972,268)
Capital outlay	(1,906,368)	(37,924)	-	(1,944,292)
OWDA loan issuance	41,900	3,005,241	4,410	3,051,551
Total nonoperating cash receipts (disbursements)	(213,396)	8,457	(15,537)	(220,476)
Change in net cash position	58,574	625,299	(21,642)	662,231
<b>Net cash position at beginning of year</b>	1,950,414	3,200,045	380,246	5,530,705
<b>Net cash position at end of year</b>	\$ 2,008,988	\$ 3,825,344	\$ 358,604	\$ 6,192,936

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
CUSTODIAL FUND  
DECEMBER 31, 2024

	<u><b>Municipal Court</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	<u>\$ 183,009</u>
<b>Net cash position:</b>	
Restricted for individuals, organizations and other governments	<u><u>\$ 183,009</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
CUSTODIAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Municipal Court</b>
<b>Additions:</b>	
Fines and forfeitures for distribution	<u>\$ 793,557</u>
<b>Deductions:</b>	
Fines and forfeitures distributed to others	<u>745,569</u>
Net change in fiduciary net cash position	47,988
<b>Net cash position beginning of year</b>	<u>135,021</u>
<b>Net cash position end of year</b>	<u><u>\$ 183,009</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 1 - REPORTING ENTITY**

The City of Kenton (the City) is a home rule municipal corporation established under the laws of the State of Ohio. The City operates under the council-mayor form of government. The Mayor is the chief executive and administrative officer and is elected for a four year term. The Mayor is responsible for carrying out the policies and ordinances of council, for overseeing the day-to-day operations of the City and for appointing the Safety/Service Director, Income Tax Administrator and various boards and commissions. The legislative authority is vested in a seven-member Council with a presiding President of Council, who are elected to two-year terms. In addition to establishing City policies, Council is responsible for passing ordinances and adopting the budget. Other elected officials consist of the auditor and the law director, who are elected to four-year terms, and the treasurer who is elected to a four-year term.

The reporting entity is composed of the primary government and other organizations that are included to ensure the financial statements of the City are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the City. The primary government of the City provides the following services to its citizens: police and fire protection, EMS services, parks and recreation, street maintenance and repairs, refuse service, water and sewer utilities and a staff to provide essential support to these services.

**B. Jointly Governed Organizations and Ohio Plan Risk Management**

The City participates in three jointly governed organizations and the Ohio Plan Risk Management, an insurance pool. These organizations are the Grove Cemetery Association, the Hardin County Regional Planning Commission, and BKP Ambulance District. These organizations are presented in Notes 11 and 16 to the financial statements.

The City's management believes these financial statements present all activities for which the City is financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C., these basic financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis basic financial statements contain items that are the same as, or similar to, those items in the basic financial statements prepared in conformity with GAAP, similar informative disclosures are provided. The following are the more significant of the City's accounting policies:

**A. Basis of Presentation**

The City's basic financial statements consist of government-wide financial statements, including a statement of net position - cash basis and a statement of activities - cash basis, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position - cash basis and the statement of activities - cash basis display information about the City as a whole, except for fiduciary funds.

These statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

*Fund Financial Statements* - Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The financial statements for governmental funds are a statement of assets and fund cash balances - cash basis, and a statement of cash receipts, cash disbursements and changes in fund cash balances - cash basis, which reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of the current financial resources.

The financial statements of proprietary funds are a statement of net position - cash basis, and a statement of cash receipts, cash disbursements and changes in net cash position - cash basis, which presents increases (i.e., receipts) and decreases (i.e., disbursements) in net cash position.

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating transactions of the City's proprietary funds are charges for sales and services and personnel disbursements related to providing water, sewage disposal, refuse services, and storm water operations. All other receipts and disbursements not meeting these definitions are reported as nonoperating transactions.

**B. Fund Accounting**

The City uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The City classifies each fund as either governmental, proprietary or fiduciary.

***Governmental Funds*** - The City classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the City's major governmental funds:

*General fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund cash balance is available for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

*Street Fund* - The street fund is required by Ohio Revised Code to account for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.



**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Other governmental funds of the City are used to account for:

***Nonmajor special revenue funds*** - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

***Nonmajor capital projects funds*** - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

***Nonmajor debt service funds*** - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

***Proprietary Funds*** - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has no internal service funds, but does report the operations of various enterprise funds.

***Enterprise funds*** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

***Water Fund*** - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the City.

***Sewer Fund*** - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the City.

The nonmajor enterprise funds of the City are used to account for refuse and stormwater operations.

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net position and changes in net position. The City's fiduciary funds are custodial funds. Custodial funds are purely custodial in nature and are used to account for assets held by the City for individuals and other governments and organizations—the activity of the Municipal Court. This fund is not included in the City's government-wide financial statements.

**C. Basis of Accounting**

The basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The City's basic financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the City's financial records and reported in the basic financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when incurred. Any such modifications made by the City are described in the appropriate section of the notes to the basic financial statements.

As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on receipts and disbursements are not recorded in these basic financial statements. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Budgetary Process**

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the City Council may appropriate. The appropriations ordinance is the City Council's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the City Council. The legal level of control has been established by the City Council at the fund, department, and object level for all funds. Any budgetary modifications at this level may only be made by ordinance of the City Council.

The certificate of estimated resources may be amended during the year if the City Auditor projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary schedule reflect the amounts in the certificate of estimated resources when the City Council adopted the original appropriations. The amounts reported as the final budget in the budgetary schedule reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations ordinance was passed by City Council.

The City Council may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriations ordinance for a fund covering the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriations ordinance the City Council passed during the year.

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements. Investment receipts are allocated as authorized by State statute.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the basic financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During the year, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and nonnegotiable certificates of deposit. Except for investments in STAR Ohio and nonnegotiable certificates of deposit, the City measures its investments at fair value which is based upon quoted market prices.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

During 2024, the City invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides NAV per share that approximates fair value.

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Investment procedures are restricted by provisions of the Ohio Revised Code. Investment receipts credited to the general fund in 2024 amounted to \$334,854 which includes \$195,889 assigned from other funds.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent utility deposits from customers that are classified as restricted because their use is limited to the payment of unpaid utility bills or refunding of the deposit to the customer.

**G. Capital Assets**

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

**H. Accumulated Leave**

For 2024, GASB Statement No. 101, "*Compensated Absences*", was effective. GASB 101 defines a compensated absence as leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The City does not offer noncash settlements.

City employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave.

This GASB pronouncement had no effect on beginning net position/fund balance as unpaid leave is not reflected as a liability under the City's cash basis of accounting.

**I. Long-term Obligations**

The City's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and financed purchase payments are reported when paid.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**J. Net Cash Position**

Net cash position consists of cash receipts and balances reduced by cash disbursements for the current year. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The City has restricted net position for pension obligations, revolving loan balances and customer water deposits. Restricted for other purposes is comprised of net position restricted for grants or other externally restricted receipts. The City did not have any net position restricted by enabling legislation. The City's policy is to first apply restricted resources when a disbursement is incurred for purposes which both restricted and unrestricted net position is available.

**K. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements.

**L. Employer Contributions to Cost-Sharing Pension Plans**

The City recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**M. Inventories of Materials and Supplies and Prepaid Items**

The City reports disbursements for inventories of materials and supplies and prepaid items when paid. These items are not reflected as assets in the accompanying basic financial statements.

**N. Interfund Receivables/Payables**

The City reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying basic financial statements.

**O. Fund Cash Balance**

Fund cash balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund cash balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact.

*Restricted* - Fund cash balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund cash balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of City Council (the highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund cash balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund cash balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

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

The City applies restricted resources first when disbursements occur for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund cash balance is available. Similarly, within unrestricted fund cash balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements occur for purposes for which amounts in any of the unrestricted fund cash balance classifications could be used.

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The City did not report any extraordinary or special items during 2024.

**Q. Pensions/Other Postemployment Benefits (OPEB)**

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

**CITY OF KENTON  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**R. Health Care**

The City continues to carry health and life insurance through a private carrier. The Comprehensive Omnibus Budget Reconciliation Act (COBRA) of 1986 required the City to offer and provide terminated or retired employees continued participation in the City's employee health care benefits program, provided that the employees pay the rate established by the plan administrator.

**S. Intergovernmental Revenues**

Unrestricted intergovernmental revenues received on the basis of entitlement are recorded as revenues when the entitlement is received. Federal and State reimbursement type grants for the acquisition or construction of capital assets in proprietary funds are recorded as revenue when the grant is received.

**T. Leases**

The City is the lessee in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the City's cash basis of accounting. Lease disbursements are recognized when they are paid.

**U. Subscription Based Information Technology Arrangements**

Accruals related to Subscription Based Information Technology Arrangement (SBITA) contracts (as defined by GASB 96) are not reflected under the City's cash basis of accounting. SBITA disbursements are recognized when they are paid.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2024, the City has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*", Implementation Guide No. 2023-1 and GASB Statement No. 101, "*Compensated Absences*".

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously report by the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the City.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the City.

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of GASB Statement No. 101 did not have an effect on the financial statements of the City.

**B. Compliance**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the City has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. 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 and interest by the United States;
2. 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;

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible No-load money market mutual funds consisting exclusively of obligations described in Insert (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds, and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

**A. Cash in Segregated Accounts**

At year end, the City had \$35,855 deposited with a financial institution for monies related to the payments of expense related to the City's health insurance plan.

**B. Deposits with Financial Institutions**

At December 31, 2024, the carrying amount of all City deposits was \$2,708,445. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2024, \$1,875,214 of the City's bank balance of \$3,023,540 was covered by the Ohio Pooled Collateral System as discussed below, while \$1,148,326 was covered by the FDIC.



**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**C. Investments**

As of December 31, 2024, the City had the following investment and maturity:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturity 6 months or less</u>
<i>Amortized cost:</i> STAR Ohio	\$ 9,431,400	\$ 9,431,400

The weighted average maturity of investments is twenty-seven days.

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the City or qualified trustee.

*Concentration of Credit Risk:* The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2024:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Amortized cost:</i> STAR Ohio	\$ 9,431,400	100.00

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**D. Reconciliation of Cash and Investments to the Statement of Net Position - Cash Basis**

The following is a reconciliation of cash and investments as reported in the preceding note to cash and investments as reported on the statement of net position - cash basis as of December 31, 2024:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,708,445
Investments	<u>9,431,400</u>
Total	<u>\$ 12,139,845</u>
 <u>Cash and investments per statement of net position - cash basis</u>	
Governmental activities	\$ 5,763,900
Business-type activities	6,192,936
Custodial funds	<u>183,009</u>
Total	<u>\$ 12,139,845</u>

**NOTE 5 - FINANCED PURCHASE**

In 2021, the City entered into a financed purchase agreement to finance the cost of purchasing a GapVax Truck. The financed purchase agreement matures in 2026. Financed purchase principal and interest are paid from the water and sewer enterprise funds.

The annual requirements to amortize all financed purchases outstanding as of December 31, 2024 are listed in the table below:

Year Ending December 31,	<u>Business-type Activities</u>	
	<u>Financed Purchase</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 90,899	\$ 3,694
2026	92,992	1,600
Totals	<u>\$ 183,891</u>	<u>\$ 5,294</u>

**CITY OF KENTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 6 - DEBT OBLIGATIONS**

The City's debt obligations activity for the year ended December 31, 2024 was as follows:

	Balance 12/31/23	Additions	Reductions	Balance 12/31/24	Amounts Due in One Year
<u>Governmental activities:</u>					
<i>General Obligation Bonds:</i>					
2016 Building Acquisition	\$ 98,947	\$ -	\$ (12,370)	\$ 86,577	\$ 12,370
<i>OPWC Loans (direct borrowings):</i>					
2023 Columbus Street Paving Project	106,343	93,740	(10,004)	190,079	20,008
<i>U.S. Department of Agriculture Bond:</i>					
2020 Municipal Equipment GO Bond	31,000	-	(15,300)	15,700	15,700
<i>Loan:</i>					
2023 Ambulance	325,364	-	(59,383)	265,981	62,127
Total governmental activities	<u>\$ 561,654</u>	<u>\$ 93,740</u>	<u>\$ (97,057)</u>	<u>\$ 558,337</u>	<u>\$ 110,205</u>

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**CITY OF KENTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 6 - DEBT OBLIGATIONS - (Continued)**

	Balance 12/31/23	Additions	Reductions	Balance 12/31/24	Amounts Due in One Year
<u>Business-type activities:</u>					
<i>General Obligation Bonds:</i>					
2016 Building Acquisition - Water	\$ 98,926	\$ -	\$ (12,365)	\$ 86,561	\$ 12,365
2016 Building Acquisition - Sewer	98,927	-	(12,365)	86,562	12,365
Total General Obligation Bonds	197,853	-	(24,730)	173,123	24,730
<i>OPWC Loans (direct borrowings):</i>					
2020 Letson Ave Storm Sewer - Stormwater	169,627	-	(6,401)	163,226	6,401
2006 Street Improvements - Storm Sewer	17,325	-	(6,930)	10,395	6,930
2014 Sanitary Sewer - Sewer	59,981	-	(5,712)	54,269	5,712
Total OPWC Loans (direct borrowings)	246,933	-	(19,043)	227,890	19,043
<i>OWDA Loans (direct borrowings):</i>					
2018 Asset Management Plan - Water	6,591	-	(6,591)	-	-
2019 Downtown Revitalization Plan Ph. 1	725,947	-	(24,548)	701,399	24,717
2019 Downtown Sewer System Ph. 1 - Sewer	76,705	-	(2,592)	74,113	2,611
2019 Downtown Sewer System Ph. 1 - Stormwater	276,148	-	(9,276)	266,872	9,344
2020 Water Trunk Replacement	302,453	-	(44,183)	258,270	45,013
2020 Downtown Revitalization Plan Ph. 2	487,444	10,750	-	498,194	-
2020 Downtown Sewer System Ph. 2 - Sewer	550,647	3,005,241	(3,555,888)	-	-
2020 Downtown Sewer System Ph. 2 - Stormwater	411,970	4,410	(416,380)	-	-
2021 WTP Transfer Channel Improvement	567,631	1,978	(19,006)	550,603	19,392
2023 Scott Avenue Waterline and LSL Replacement	445,834	29,172	-	475,006	-
Total OWDA Loans (direct borrowings)	3,851,370	3,051,551	(4,078,464)	2,824,457	101,077
<i>Financed Purchase:</i>					
GapVax Truck	272,743	-	(88,852)	183,891	90,899
Total Financed Purchase	272,743	-	(88,852)	183,891	90,899
<i>Loans:</i>					
2014 County Sanitary Sewer Loan	6,980	-	(635)	6,345	635
Total Business-type activities	\$ 4,575,879	\$ 3,051,551	\$ (4,211,724)	\$ 3,415,706	\$ 236,384

Outstanding general obligation bonds and loans consist of street improvements, purchase of 555 W Franklin Street building, street equipment, water and sewer system improvements, storm water improvements, and municipal equipment. General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 6 - DEBT OBLIGATIONS - (Continued)**

2006 Storm Water Collection System Improvement (OPWC)

The City obtained a zero percent interest 20 year loan from the OPWC for the Storm Water Collection System Improvement Project during 2006. This loan is in the amount of \$138,600 and will mature in 2026. Loan payments will come from the storm sewer enterprise fund.

2014 Sanitary Sewer Collection (OPWC)

During 2014, the City obtained a zero percent interest 20 year loan in the amount of \$114,249 from OPWC for the sanitary sewer collection system improvements project. The loan will mature in 2034 and will be paid for by the homeowners on their property tax bills.

2020 Letson Avenue Storm Sewer (OPWC)

During 2020, the City obtained a zero percent interest 30 year loan in the amount of \$192,030 from OPWC for the Letson Avenue storm sewer collection system improvements project. The loan will mature in 2050 and will be paid from the stormwater fund.

2023 Columbus Street Paving Projects (OPWC)

During 2023, the City obtained a zero percent interest 10 year loan in the amount of \$218,683 from OPWC for the Letson Avenue storm sewer collection system improvements project. The loan will mature in 2033 and will be paid from the Bond Retirement fund.

OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

2020 United States Department of Agriculture (USDA) Bond

During 2020 the City applied for an equipment loan with the USDA for \$75,000 and 2.125% interest.

2014 Sanitary Sewer Collection (Hardin County)

During 2014, Hardin County contributed \$12,694 for the sanitary sewer collection system improvements project. This loan will mature in 2034 and will be paid for by the homeowners on their property tax bills.

2016 Building Acquisition Bonds

During 2016, the City issued \$556,500 for Building Acquisition Bonds on September 28, 2016 at 2.25 % interest. These bonds will be repaid from the bond retirement fund, waterworks fund, and sewer fund. The loan will mature in 2031.

2018 OWDA Asset Management Plan Loan

During 2018 the City entered into a loan for asset management planning of the water facility and related infrastructure. This planning project is a result of new requirements from the Ohio EPA to assess the condition of certain assets and for planning of future maintenance of the water system. This loan was paid off during 2024.

2019 OWDA Downtown Revitalization Plan Phase 1 Loan

During 2019, the City entered into a loan for \$856,936. The loan will be used for improvement to the City water system in the downtown area.

2019 OWDA Downtown Sewer System Loan

During 2019, the City entered into a loan that is approved for \$2,380,004 with \$1,722,000 to be forgiven. In 2020, the City drew down \$303,207 into the stormwater capital projects funds and \$84,737 into the sewer fund from this loan.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 6 - DEBT OBLIGATIONS - (Continued)**

2020 OWDA Water Trunk Replacement Loan

During 2020 the City borrowed \$450,775 at a rate of 1.87% for ten years to be used to fund a construction project for a water trunk replacement.

2020 OWDA Downtown Revitalization Plan and Sewer System Improvement Loans

In 2020, a loan was entered into for the planning of Downtown Water Revitalization Phase 2. \$69,313 was drawn from that loan. In 2021, a new loan was entered into for the Design of Downtown Water Revitalization Phase 2. The balance of the Planning loan was rolled over into the Design loan. In 2024, a new loan was entered into for the Construction of Downtown Water Revitalization Phase 2. The balance of the Design loan was rolled over into the Construction loan. An additional \$10,750 has been drawn making the total draw \$631,584 through 2024. The loan will be 0% for 5 years. A repayment schedule has not been established at this time.

In 2020, a loan was entered into for the planning of Downtown Sewer Revitalization Phase 2. \$265,500 was drawn from that loan which was all for sewer. In 2021, a new loan was entered into for the Design of Downtown Sewer and Stormwater Revitalization Phase 2. The balance of the Planning loan was rolled over into the Design loan. In 2024, a new loan was entered into for the Construction of Downtown Sewer and Stormwater Revitalization Phase 2. The balance of the Design loan was rolled over into the Construction loan. An additional \$3,293,476 has been drawn making the total draw \$4,743,893 through 2024. The entire balance of this loan has been forgiven in 2024.

2021 OWDA WTP Transfer Channel Improvements Loan

During 2021, the City entered into a loan that is approved for up to \$604,910. The loan will be used for improvements to the City's water transfer channel. Only \$596,880 has been drawn on the loan so far, which includes capitalized interest. The loan will be 0.24% for 30 years.

2023 OWDA Scott Avenue and LSL Replacements Loan

During 2023, the City entered into a loan that is approved for up to \$537,436. The loan will be used for improvements to the City's water system. Only \$475,006 has been drawn on the loan so far. The loan will be 2.28% for 30 years. A repayment schedule has not been established at this time.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

2021 GapVax Truck

On August 27, 2021, the City entered into a financed purchase agreement with Huntington Public Capital Corporation to finance the purchase of a GapVax truck for the City's water and sewer departments. The financed purchase was issued in the amount of \$444,827 and carries an interest rate of 2.29%. The financed purchase has a maturity date of August 15, 2026.

2023 Ambulance

On September 15, 2023, the City entered into a loan with Community First Bank to finance the purchase of an Ambulance for the City. The loan was issued in the amount of \$325,364 and carries an interest rate of 4.50%. The loan has a maturity date of September 15, 2028.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 6 - DEBT OBLIGATIONS - (Continued)**

The annual requirements to amortize all long-term debt outstanding as of December 31, 2024 are listed in the table below:

Year Ending December 31,	Governmental Activities				<i>Direct</i> <i>Borrowings</i>		
	General Obligation Bonds		USDA Bonds		OPWC Loans	Ambulance Loan	
	Principal	Interest	Principal	Interest		Principal	Interest
2025	\$ 12,370	\$ 1,949	\$ 15,700	\$ 251	\$ 20,008	\$ 62,127	\$ 11,271
2026	12,370	1,670	-	-	20,008	64,954	8,444
2027	12,370	1,391	-	-	20,008	67,910	5,488
2028	12,370	1,116	-	-	20,008	70,990	2,407
2029	12,370	835	-	-	20,008		
2030 - 2034	24,727	834	-	-	90,039		
Totals	<u>\$ 86,577</u>	<u>\$ 7,795</u>	<u>\$ 15,700</u>	<u>\$ 251</u>	<u>\$ 190,079</u>	<u>\$ 265,981</u>	<u>\$ 27,610</u>

Year Ending December 31,	Business-type Activities					
	General Obligation Bonds		County Loan	<i>Direct Placement</i> OWDA Loans		<i>Direct</i> <i>Borrowings</i> OPWC Loans
	Principal	Interest		Principal	Interest	Principal
2025	\$ 24,730	\$ 3,896	\$ 635	\$ 101,077	\$ 13,196	\$ 19,043
2026	24,730	3,338	635	102,229	12,044	15,578
2027	24,730	2,782	635	103,397	10,876	12,113
2028	24,730	2,232	635	104,584	9,691	12,113
2029	24,730	1,670	635	105,788	8,486	12,113
2030 - 2034	49,473	1,668	3,170	315,800	32,221	57,714
2035 - 2039	-	-	-	299,279	23,924	32,005
2040 - 2044	-	-	-	307,613	15,596	32,005
2045 - 2049	-	-	-	316,213	6,995	32,005
2050 - 2051	-	-	-	95,277	414	3,201
Totals	<u>\$ 173,123</u>	<u>\$ 15,586</u>	<u>\$ 6,345</u>	<u>\$ 1,851,257</u>	<u>\$ 133,443</u>	<u>\$ 227,890</u>

The 2020 Downtown Revitalization Plan Phase 2 and the 2023 Scott Avenue Waterline and LSL Replacement loans are not finalized for 2024.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 7 - PROPERTY TAX**

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due February 8; if paid semi-annually, the first payment is due February 8, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes. 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 Kenton. 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, 2024 was \$4.20 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2023 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 90,999,330
Commercial/industrial/mineral	39,458,450
Public utility personal property	<u>9,590,980</u>
Total assessed value	<u>\$ 140,048,760</u>

The residents of the City support Grove Cemetery Association (the Cemetery), a jointly governed organization described further in Note 16, through a tax levy. The levy for the Cemetery is a voted millage. During 2024, the Cemetery received \$105,708 in tax revenue and related homestead and rollback revenue, from the residents of the City. This money is reported as property tax receipts and intergovernmental receipts, respectively, and the subsequent disbursement is recorded within intergovernmental disbursements on the financial statements.

**NOTE 8 - LOCAL INCOME TAX**

The City levies an income tax of 1.5% on the gross salaries, wages and other personnel service compensation earned by residents of the City and to the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. The receipts of the City income tax and the administrative costs associated with their collections are accounted for in the general fund.



**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability and Net OPEB Liability (Asset)***

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the pension disclosures. See Note 10 for the OPEB disclosures.

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

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

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

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**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

	State <u>And Local</u>
	<u>Traditional</u>
<b>2024 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
<b>2024 Actual Contribution Rates</b>	
Employer:	
Pension ****	14.0 %
Post-employment Health Care Benefits ****	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

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

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

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan was \$261,216 for 2024.

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$420,983 for 2024.

***Net Pension Liabilities***

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

Following is information related to the proportionate share:

	<u>OPERS - Traditional</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.00940000%	0.06068910%	
Proportion of the net pension liability/asset current measurement date	<u>0.00845700%</u>	<u>0.06012300%</u>	
Change in proportionate share	<u>-0.00094300%</u>	<u>-0.00056610%</u>	
Proportionate share of the net pension liability	\$ 2,214,077	\$ 5,808,711	\$ 8,022,788

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2023, compared to the December 31, 2022 actuarial valuation, are presented below.

Wage inflation

Current measurement date	2.75%
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Prior measurement date	2.75%
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Future salary increases, including inflation

Current measurement date	2.75% to 10.75% including wage inflation
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Prior measurement date	2.75% to 10.75% including wage inflation
------------------------	--

COLA or ad hoc COLA

Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple
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	Post 1/7/2013 retirees: 2.30%, simple
--	---------------------------------------

	through 2024, then 2.05% simple
--	---------------------------------

Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple
------------------------	--------------------------------------

	Post 1/7/2013 retirees: 3.00%, simple
--	---------------------------------------

	through 2023, then 2.05% simple
--	---------------------------------

Investment rate of return

Current measurement date	6.90%
--------------------------	-------

Prior measurement date	6.90%
------------------------	-------

Actuarial cost method

	Individual entry age
--	----------------------

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

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

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.20% for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

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

**Discount Rate** - The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.



**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** - The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability:			
Traditional Pension Plan	\$ 3,485,553	\$ 2,214,077	\$ 1,156,579

***Actuarial Assumptions - OP&F***

OP&F's total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No.67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. A comprehensive experience study was performed during 2022 by OP&F's actuary and completed as of December 31, 2021. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants which was 6.03 years at December 31, 2023.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2023, compared to December 31, 2022, are presented below.

Valuation date	1/1/23 with actuarial liabilities rolled forward to 12/31/23
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year

***Healthy Mortality***

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

***Disabled Mortality***

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

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Contingent Annuitant Mortality*

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

*Pre-Retirement Mortality*

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

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

\* levered 2x

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

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 7,694,071	\$ 5,808,711	\$ 4,240,852

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**Net OPEB Liability (Asset)**

See Note 9 for a description of the net OPEB liability.

**Plan Description - Ohio Public Employees Retirement System (OPERS)**

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

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

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

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

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

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

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

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

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

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

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

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

**Group A** 30 years of qualified health care service credit;

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

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

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

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

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

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

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

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51.00% and 90.00% of the base allowance for both non-Medicare and Medicare retirees.

**CITY OF KENTON  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

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

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

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10.00% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20.00% per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.00% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.00%. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

For 2024, OPERS did not allocate any employer contributions to post-employment health care.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

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

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

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The City's contractually required contribution to OP&F was \$11,079 for 2024.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

***Net OPEB Liabilities (Assets)***

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

Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net OPEB liability			
prior measurement date	0.01060600%	0.06068910%	
Proportion of the net OPEB liability/asset			
current measurement date	<u>0.00956100%</u>	<u>0.06012300%</u>	
Change in proportionate share	<u>-0.00104500%</u>	<u>-0.00056610%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 438,977	\$ 438,977
Proportionate share of the net OPEB asset	86,290	-	86,290

***Actuarial Assumptions - OPERS***

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023.

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**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	2.75 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	5.70%
Prior Measurement date	5.22%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	3.77%
Prior Measurement date	4.05%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2038
Prior Measurement date	5.50% initial, 3.50% ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.00% for 2023.



**CITY OF KENTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

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

**Discount Rate** - A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ 47,423	\$ (86,290)	\$ (197,052)

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

***Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate***

- Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

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

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 89,873	\$ 86,290	\$ 82,225

***Actuarial Assumptions - OP&F***

OP&F's total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

Key methods and assumptions used in the December 31, 2023, compared to the December 31, 2022 actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	
Current measurement date	3.50% to 10.50%
Prior measurement date	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.07%
Prior measurement date	4.27%
Cost of Living Adjustments	2.20% simple per year

*Health Mortality*

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

*Disabled Mortality*

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

*Contingent Annuitant Mortality*

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

*Pre-Retirement Mortality*

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

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

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

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

\* levered 2x

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

**Discount Rate** - Total OPEB liability was calculated using the discount rate of 4.07%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38% was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07%.

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 540,697	\$ 438,977	\$ 353,308

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 11 - RISK MANAGEMENT**

The City belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments. Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remained the same through October 31, 2022. Effective November 1, 2022, the property loss corridor was eliminated. OPRM had 847 members as of December 31, 2024.

	<u>2024</u>
Assets	\$ 24,456,615
Liabilities	<u>(16,692,162)</u>
Members' Equity	<u>\$ 7,764,453</u>

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2024. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy.

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**NOTE 12 - CONTINGENCIES**

**A. Federal and State Grants**

The City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for disbursements disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

**B. Litigation**

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

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 13 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2024, consisted of the following, as reported in the fund financial statements:

<u>Transfers To</u>	<u>Transfers From</u>		
	<u>General</u>	<u>Street</u>	<u>Total</u>
Street	\$ 1,122,686	\$ -	\$ 1,122,686
Nonmajor governmental funds	82,630	29,196	111,826
Total	<u>\$ 1,205,316</u>	<u>\$ 29,196</u>	<u>\$ 1,234,512</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers from the Street Fund were to the Bond Retirement Fund and the Note Retirement Fund to make debt payments.

Interfund transfers between governmental funds are eliminated in the statement of activities - cash basis.

**NOTE 14 - COMMITMENTS**

The City's encumbrance policy for the year ended December 31, 2024 is that individual encumbrances can be issued for any amount to be considered significant encumbrances. All encumbrances are classified as assigned fund balance in the general fund and as committed or restricted fund balance in the other governmental funds.

Encumbrances as of December 31, 2024 were:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 713,221
Street	386,743
Nonmajor governmental	56,997
Total	<u>\$ 1,156,961</u>

**NOTE 15 - TAX ABATEMENT**

The City entered into a tax abatement agreement with International Paper for the abatement of property taxes to bring jobs and economic development into the City. The agreement affects the property tax receipts collected and distributed to the City. Under the agreement, the City property tax collections were reduced in 2024 by \$10,726.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Grove Cemetery Association**

The Grove Cemetery Association (the Association) is a jointly-governed organization consisting of Buck, Pleasant and Goshen Townships and the City of Kenton. The Association is governed by a board of trustees consisting of one representative from each township and the City. The degree of control exercised by any participating entity is limited to its representation on the board.

Operating funds for the Association are provided from property taxes assessed against property owners located within the Townships and the City making up the Association and charges assessed for services of the Association. The City provides no other funds to the Association. Financial information may be obtained from Roger Crowe, Fiscal Officer at 15443 St. Rt. 309, Kenton, OH 43326.

**B. Hardin County Regional Planning Commission**

The Hardin County Regional Planning Commission (the Commission) is a jointly-governed organization between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty seven members, any of which may hold any other public office. The City is represented by one member.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.

**C. BKP Ambulance District**

The constitution and laws of the State of Ohio establish the rights and privileges of the BKP Ambulance District, Hardin County, (the District) as a body corporate and politic. A seven-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Buck, Cessna, Dudley, Goshen, Lynn and Pleasant Townships in Hardin County, and the City of Kenton. Financial information can be obtained from Morgan Gaudet, Fiscal Officer, 439 South Main Street, Kenton, Ohio 43326.

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 17 - FUND BALANCE**

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

Fund balance	General	Street	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Unclaimed funds	\$ 29,074	\$ -	\$ -	\$ 29,074
Total nonspendable	<u>29,074</u>	<u>-</u>	<u>-</u>	<u>29,074</u>
Restricted:				
Street maintenance	-	504,850	92,621	597,471
Home repair	-	-	30,553	30,553
Court improvements	-	-	162,878	162,878
Police improvements	-	-	87,729	87,729
Indigent drivers	-	-	113,801	113,801
Probation services	-	-	60,067	60,067
Opioid settlement	-	-	39,103	39,103
Miscellaneous	-	-	43,480	43,480
Total restricted	<u>-</u>	<u>504,850</u>	<u>630,232</u>	<u>1,135,082</u>
Committed:				
Park and recreation	-	-	29,328	29,328
Total committed	<u>-</u>	<u>-</u>	<u>29,328</u>	<u>29,328</u>
Assigned:				
Legislative & executive	5,773	-	-	5,773
Judicial	8,531	-	-	8,531
Public safety	62,795	-	-	62,795
Capital outlay	636,122	-	-	636,122
Total assigned	<u>713,221</u>	<u>-</u>	<u>-</u>	<u>713,221</u>
Unassigned	<u>3,857,195</u>	<u>-</u>	<u>-</u>	<u>3,857,195</u>
Total fund balances	<u>\$ 4,599,490</u>	<u>\$ 504,850</u>	<u>\$ 659,560</u>	<u>\$ 5,763,900</u>



**CITY OF KENTON  
HARDIN COUNTY, OHIO**

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Over (Under) Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Budgetary basis receipts:</b>				
Income taxes	\$ 4,324,243	\$ 4,666,467	\$ 4,647,706	\$ (18,761)
Property and other local taxes	278,915	300,989	353,389	52,400
Charges for services	315,992	341,000	323,131	(17,869)
Licenses and permits	47,825	51,610	46,771	(4,839)
Fines and forfeitures	178,105	192,200	293,335	101,135
Intergovernmental	672,537	725,762	753,831	28,069
Investment income	277,999	300,000	334,854	34,854
Contributions and donations	323	349	2,000	1,651
Payments in lieu of taxes	9	10	7	(3)
Other	53,746	58,000	23,204	(34,796)
Total budgetary basis receipts	6,149,694	6,636,387	6,778,228	141,841
<b>Budgetary basis disbursements:</b>				
General government:				
Legislative & executive	882,037	933,103	847,691	85,412
Judicial	558,192	571,694	485,712	85,982
Public safety	3,792,478	3,843,643	3,656,969	186,674
Health	88,500	88,500	88,500	-
Capital outlay	205,805	823,704	795,095	28,609
Total budgetary basis disbursements	5,527,012	6,260,644	5,873,967	386,677
Excess of budgetary basis receipts over budgetary basis disbursements	622,682	375,743	904,261	528,518
<b>Other financing sources (uses):</b>				
Sale of assets	-	2,495	17,912	15,417
Transfers in	-	29,000	31,272	2,272
Transfers out	(760,069)	(1,292,185)	(1,234,316)	57,869
Total other financing sources (uses)	(760,069)	(1,260,690)	(1,185,132)	75,558
Net change in fund cash balances	(137,387)	(884,947)	(280,871)	604,076
<b>Fund cash balances at beginning of year</b>	3,866,712	3,866,712	3,866,712	-
<b>Prior year encumbrances appropriated</b>	236,883	236,883	236,883	-
<b>Fund cash balance at end of year</b>	<u>\$ 3,966,208</u>	<u>\$ 3,218,648</u>	<u>\$ 3,822,724</u>	<u>\$ 604,076</u>

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
STREET FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Over (Under) Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Budgetary basis receipts:</b>				
Licenses and permits	\$ 635	\$ 600	\$ 770	\$ 170
Intergovernmental	490,477	463,135	471,462	8,327
Investment income	20,122	19,000	17,860	(1,140)
Other	83,214	78,575	74,742	(3,833)
Total budgetary basis receipts	594,448	561,310	564,834	3,524
<b>Budgetary basis disbursements:</b>				
Public works	1,542,190	1,260,237	1,195,337	64,900
Capital outlay	495,291	715,196	714,861	335
Total budgetary basis disbursements	2,037,481	1,975,433	1,910,198	65,235
Excess of budgetary basis disbursements over budgetary basis receipts	(1,443,033)	(1,414,123)	(1,345,364)	68,759
<b>Other financing sources (uses):</b>				
Sale of assets	26,476	25,000	62,787	37,787
Transfers in	1,247,797	1,178,236	1,122,686	(55,550)
Transfers out	(41,516)	(41,518)	(29,196)	12,322
Total other financing sources (uses)	1,232,757	1,161,718	1,156,277	(5,441)
Net change in fund cash balances	(210,276)	(252,405)	(189,087)	63,318
<b>Fund cash balances at beginning of year</b>	96,919	96,919	96,919	-
<b>Prior year encumbrances appropriated</b>	210,276	210,276	210,276	-
<b>Fund cash balance at end of year</b>	<u>\$ 96,919</u>	<u>\$ 54,790</u>	<u>\$ 118,108</u>	<u>\$ 63,318</u>

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**CITY OF KENTON  
HARDIN COUNTY, OHIO**

**NOTES TO THE SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as a cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Some funds are included in the general fund (cash basis) but have separate legally adopted budgets (budgetary basis).

Adjustments necessary to convert the results of operations at the end of the year on the budgetary basis to the cash basis are as follows:

	<u>General</u>	<u>Street</u>
Budgetary basis	\$ (280,871)	\$ (189,087)
Municipal Court receipts	8,775	
Net adjustment for other sources/uses	(175,065)	-
Encumbrances	<u>713,221</u>	<u>386,742</u>
Cash basis	<u>\$ 266,060</u>	<u>\$ 197,655</u>

As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the unclaimed monies fund.

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CITY OF KENTON  
HARDIN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Pass_Through Entity Identifying Number / Additional Award Identification	Total Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction			
HAR US 68/SR31 Roundabout	20.205	121008	95,675
HAR SR 67 Sidewalks	20.205	119796	106,907
Total Highway Planning and Construction			202,582
Total U.S. Department of Transportation			<b>202,582</b>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through Ohio Department of Development</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	DEV-2021-183301	1,736,307
<i>Passed Through Ohio Office of Management and Budget</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	19,155
Total U.S. Department of Treasury			<b>1,755,462</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Passed Through Ohio Environmental Protection Agency</i>			
Drinking Water State Revolving Fund	66.468	FS390487-0030	21,107
Total U.S. Environmental Protection Agency			<b>21,107</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$1,979,151</b>

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

**CITY OF KENTON  
HARDIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR § 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Kenton (the City) under programs of the federal government for the year ended December 31, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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

City of Kenton  
Hardin County  
111 West Franklin Street  
Kenton, Ohio 43326

To the Members of the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kenton, Hardin County, (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 12, 2025, wherein we noted the City uses a special purpose framework other than generally accepted accounting principles.

***Report on Internal Control Over Financial Reporting***

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

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

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

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2024-001.

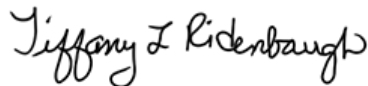
### ***City's Response to Finding***

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

### ***Purpose of This Report***

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

KEITH FABER  
Ohio Auditor of State



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

December 12, 2025



# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City of Kenton  
Hardin County  
111 West Franklin Street  
Kenton, Ohio 43326

To the Members of the City Council:

### Report on Compliance for the Major Federal Program

#### ***Qualified Opinion***

We have audited the City of Kenton's, Hardin County, (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of Kenton's major federal program for the year ended December 31, 2024. The City of Kenton's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

#### ***Qualified Opinion on COVID-19-Coronavirus State and Local Fiscal Recovery Funds (AL#21.027)***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, the City of Kenton complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on COVID-19-Coronavirus State and Local Fiscal Recovery Funds (AL#21.027) for the year ended December 31, 2024.

#### ***Basis for Qualified Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Matter Giving Rise to Qualified Opinion on COVID-19-Coronavirus State and Local Fiscal Recovery Funds (AL#21.027)***

As described in finding 2024-002 in the accompanying schedule of findings, the City of Kenton did not comply with requirements regarding Reporting applicable to its COVID-19-Coronavirus State and Local Fiscal Recovery Funds (AL#21.027) major federal program.

Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

***Responsibilities of Management for Compliance***

The City's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2024-002, to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KEITH FABER  
Ohio Auditor of State



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

December 12, 2025

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**CITY OF KENTON  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2024**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	COVID-19-Coronavirus State and Local Fiscal Recovery Funds (AL #21.027)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2024-001**

**Noncompliance Citation**

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

**FINDING NUMBER 2024-001**  
**(Continued)**

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

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

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

**OFFICIALS' RESPONSE:**

City Council passed Resolution #04-003 on February 23, 2004 that stated "to be more cost efficient... That, effective fiscal year 2003, the City of Kenton will report on a cash basis as opposed to GAAP and/or GASB 34." This Resolution remains in effect and the City will continue to report on a cash basis for the foreseeable future to remain cost efficient.

**3. FINDINGS FOR FEDERAL AWARDS**

**Noncompliance Citation / Material Weakness**

<b>Finding Number:</b>	<b>2024-002</b>
<b>Assistance Listing Number and Title:</b>	<b>AL# 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds</b>
<b>Federal Award Identification Number / Year:</b>	<b>DEV-2021-183301</b>
<b>Federal Agency:</b>	<b>U.S. Department of the Treasury</b>
<b>Compliance Requirement:</b>	<b>Reporting</b>
<b>Pass-Through Entity:</b>	<b>Ohio Department of Development</b>
<b>Repeat Finding from Prior Audit?</b>	<b>No</b>

**2 CFR § 1000.10** gives regulatory effect to Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth at 2 CFR part 200 for the Department of Treasury.

**2 CFR 200.329(c)(1)** states that non-Federal entities must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity.

**31 CFR 35.4(c)** requires recipients, in part, during the period of performance, to provide the Secretary of the U.S. Department of Treasury periodic reports providing detailed accounting of the uses of funds, modifications to a State or Territory's tax revenue sources, and such other information as the Secretary may require for the administration of this section.

**FINDING NUMBER 2024-002**  
**(Continued)**

The U.S. Department of Treasury provided supplementary information on reporting requirements in its interim final rule for State and Local Fiscal Recovery Funds for **31 CFR Part 35** and provided further guidance in its Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guide.

The City submitted the required SLFRF Program Reports; however, possibly due to the failure of an existing Control(s), only two out of three (sixty-seven percent) were submitted timely.

Reporting errors could adversely affect future grant awards.

An additional control(s) and/or additional procedure(s) should be implemented to help ensure that reports are submitted timely as required.

**OFFICIALS' RESPONSE:**

This is the first year that Federal Grant funds in excess of \$750,000 have been received and spent by the City of Kenton. For the current year, two people will be in charge of meeting deadlines for filing reports. Compliance with Federal Grant Guidelines will be more closely followed and attempts will be made to make a written policy for Federal Grant Procedures.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR § 200.511(b)**  
**DECEMBER 31, 2024**

Finding Number	Finding Summary	Status	Additional Information
2023-001	Noncompliance Citation – Ohio Rev. Code § 117.38 The financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America.	Not Corrected Repeating as Finding 2024-001	City has no intentions of filing GAAP statements to remain cost efficient.



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CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
Fiscal Year Ending December 31, 2024

Finding Number:	2024-001 – Failure to File GAAP
Planned Corrective Action:	City of Council passed Resolution #04-003 on February 23, 2004 that stated “to be more efficient...That, effective fiscal year 2003, the City of Kenton will report on a cash basis as opposed to GAAP and/or GASB34.” This Resolution remains in effect and the City will continue to report on a cash basis for the foreseeable future to remain cost efficient.
Anticipated Completion Date:	N/A
Responsible Contact Person:	Kristy Scharf
Finding Number:	2024-002- For Reporting Errors on the Federal Program
Planned Corrective Action:	This is the first year that Federal Grant funds in excess of \$750,000 have been received and spent by the city of Kenton. For the current year, two people will be in charge of meeting deadlines for filing reports. Compliance with Federal Grant Guidelines will be more closely followed and attempts will be made to make a written policy for Federal Grant Procedures
Anticipated Completion Date:	12/31/2025
Responsible Contact Person:	Kristy Scharf and Cindy Murray

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF KENTON**

**HARDIN COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 1/27/2026**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)