



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF TRENTON, OHIO
BUTLER COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2023

OHIO AUDITOR OF STATE
KEITH FABER



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Members of Council
City of Trenton
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We have reviewed the *Independent Auditors' Report* of the City of Trenton, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

July 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Trenton:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Trenton (the "City"), as of and for the year ended December 31, 2023, 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 financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Street Fund, Police Levy Fund and the Fire Levy Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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.

Responsibilities of Management for the Financial Statements

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

Auditors' 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 auditors' 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.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 26, 2024

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

The discussion and analysis of the City of Trenton's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2023. While the intent of this discussion and analysis is to look at the City's financial performance as a whole, readers should also review the basic financial statements and notes to enhance their understanding of the City's fiscal performance.

Financial Highlights

Key highlights for 2023 are as follows:

- ❑ Total assets and deferred outflows of the City exceeded its total liabilities and deferred inflows at the close of the year ended December 31, 2023, by \$33,728,422 (net position). This amount was reduced by the City's reporting of \$6,309,536 of GASB 68 and GASB 75 adjustments in the governmental and business-type activities.
- ❑ The City's net position increased by \$3,065,453, which represents an 10% increase from the 2022 net position. The increase was split across the governmental (89%) and business type activities (11%).
- ❑ At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$13,530,730. Of this amount \$7,462,436 is available for spending (unassigned General Fund balance) on behalf of its citizens, mainly for the necessary services, such as general government operations and fulfilling the objectives of the resident-driven Parks Master Plan.
- ❑ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,462,436, or 231% of total General Fund expenditures.
- ❑ The City's major enterprise funds reflected positive ending net positions: Water Fund \$7,301,212; Sewer Fund \$5,731,300; and Refuse Fund \$687,431.

Using this Annual Financial Report

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

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

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Reporting City of Trenton as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

Reporting the City of Trenton's Most Significant Funds

Fund Financial Statements

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

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
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on the use of monies, the City has established many funds which account for the multitude of services provided to our residents.

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

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

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

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

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

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

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

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Required Supplementary Information (RSI): The RSI provides additional information about the City's net pension/OPEB assets/liabilities and the required contributions under the respective plans.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$33,728,422 (\$19,619,850 in governmental activities and \$14,108,572 in business-type activities) as of December 31, 2023. The City reflects an investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding of \$16,759,328. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Table 1 provides a summary of the City's statement of net position for 2023 compared to 2022.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$23,128,471	\$18,863,195	\$7,785,307	\$10,827,602	\$30,913,778	\$29,690,797
Noncurrent Assets	0	234,551	0	263,438	0	497,989
Capital Assets	10,980,812	10,699,479	12,637,446	12,209,358	23,618,258	22,908,837
Total Assets	34,109,283	29,797,225	20,422,753	23,300,398	54,532,036	53,097,623
Deferred Outflows	3,452,999	1,773,885	1,126,758	517,514	4,579,757	2,291,399
Total Assets and Deferred Outflows	37,562,282	31,571,110	21,549,511	23,817,912	59,111,793	55,389,022
Long-term liabilities	10,543,118	6,808,432	6,195,618	5,205,789	16,738,736	12,014,221
Other liabilities	1,464,872	2,643,143	1,229,487	3,782,178	2,694,359	6,425,321
Total Liabilities	12,007,990	9,451,575	7,425,105	8,987,967	19,433,095	18,439,542
Deferred Inflows	5,934,442	5,219,806	15,834	1,066,705	5,950,276	6,286,511
Total Liabilities and Deferred Inflows	17,942,432	14,671,381	7,440,939	10,054,672	25,383,371	24,726,053
Net Position:						
Net Investment in						
Capital Assets	8,557,799	6,324,098	8,201,529	5,144,357	16,759,328	11,468,455
Restricted	3,157,021	5,597,440	0	0	3,157,021	5,597,440
Unrestricted	7,905,030	4,978,191	5,907,043	8,618,883	13,812,073	13,597,074
Total Net Position	\$19,619,850	\$16,889,729	\$14,108,572	\$13,763,240	\$33,728,422	\$30,662,969

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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In prior years, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. The City also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension," which significantly revises accounting for other postemployment benefit (OPEB) costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB as well as the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension/OPEB costs, GASB 27 and GASB 45 focused on a funding approach. This approach limited pension/OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension/net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension/OPEB accounting; however, the nature of Ohio's statewide pension/OPEB systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and net OPEB asset/liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension/OPEB promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefits recipients. The retirement systems may allocate a portion of the employer contributions to provide these OPEB benefits.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the plan.

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

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension/OPEB income/expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represented \$3,157,021 or 9.36% of net position. The remaining unrestricted \$13,812,073 net position may be used to meet the City's ongoing obligations to its citizens and creditors and for business-type activities.

During 2023, the City saw the total assets for the City increase \$1,434,413 as the City saw the actual cash balance decrease by almost \$2.6 million as the City paid off outstanding notes payables of \$4.45 million but also received higher income tax revenues during the year. The City saw its capital assets increase by over \$0.70 million during the year as the City completed several infrastructure projects during the year. The income tax receivable increased \$1.5 million with the continued updates in the income tax department with the collection process and based on actual fiscal year 2023 collections.

CITY OF TRENTON, OHIO
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The City saw total long term liabilities increase by over \$4.7 million while the total other liabilities only decreased over \$3.7 million. The main reason for the decrease in other liabilities was the short-term notes payable being paid down over \$4.4 million. The long term liabilities increased despite the City paying down the outstanding bonds and loans but saw the net pension liability and OPEB liability increase over \$5.1 million during the year with changes in the retirement system overall balances. Overall, the net position for the City increased by almost 10% because of some of the changes listed above. The business-type activities realized just 11% of total net position increase during the year as all four activities increased by \$303,000 for the year from operating activities. Table 2 provides a summary of the City's statement of activities for 2023 compared to 2022.

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$1,171,766	\$976,183	\$5,929,748	\$5,999,610	\$7,101,514	\$6,975,793
Operating Grants and Contributions	601,423	2,331,444	0	0	601,423	2,331,444
Capital Grants and Contributions	416,718	358,468	0	263,092	416,718	621,560
General Revenues:						
Income Taxes	6,425,746	3,769,243	0	0	6,425,746	3,769,243
Property Taxes	2,390,065	2,376,081	0	0	2,390,065	2,376,081
Other Taxes	770,763	687,954	0	0	770,763	687,954
Unrestricted Grants	916,842	473,430	0	0	916,842	473,430
Investment Earnings	1,021,648	86,867	(595)	60,575	1,021,053	147,442
Other Revenues	161,342	127,645	0	0	161,342	127,645
Total Revenues	13,876,313	11,187,315	5,929,153	6,323,277	19,805,466	17,510,592
Expenses:						
Security of Persons and Property	6,557,565	5,060,645	0	0	6,557,565	5,060,645
Public Health and Welfare	153,933	100,335	0	0	153,933	100,335
Leisure Time Activities	393,228	273,837	0	0	393,228	273,837
Community Environment	458,340	356,300	0	0	458,340	356,300
Transportation	1,484,276	682,539	0	0	1,484,276	682,539
General Government	1,212,447	941,281	0	0	1,212,447	941,281
Other	757,917	744,457	0	0	757,917	744,457
Interest and Fiscal Charges	146,486	101,150	0	0	146,486	101,150
Water	0	0	2,447,030	1,826,324	2,447,030	1,826,324
Sewer	0	0	1,657,495	1,498,173	1,657,495	1,498,173
Stormwater Management	0	0	284,757	320,043	284,757	320,043
Refuse	0	0	1,186,539	980,913	1,186,539	980,913
Total Expenses	11,164,192	8,260,544	5,575,821	4,625,453	16,740,013	12,885,997
Transfers	8,000	20,000	(8,000)	(20,000)	0	0
Change in Net Position	2,720,121	2,946,771	345,332	1,677,824	3,065,453	4,624,595
Beginning Net Position	16,899,729	13,392,294	13,763,240	12,085,416	30,662,969	25,477,710
Restatement	0	560,664	0	0	0	560,664
Ending Net Position	\$19,619,850	\$16,899,729	\$14,108,572	\$13,763,240	\$33,728,422	\$30,662,969

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

Governmental Activities

The main focus of governmental activities is security of persons and property, which represents the police and fire services of the City. For 2023, the expenses were \$6.56 million, representing 58.7% (compared to 61.3% for 2022) of governmental activity spending, yielding a reliance on general revenues to fund the program of approximately \$5.9 million after direct support to their programs. The function was higher in 2023 with the changes in the pension calculations for GASB 68 and 75.

Of the other functions, transportation and general government saw increases of \$0.80 million and \$0.27 million respectively. Transportation expenses were higher with several resurfacing projects that are not considered capital projects. The general government expenses were lower in 2022 with the adjustments to the net OPEB liability that brought the expenses down.

Business-Type Activities

The City's business-type activities include the water, sewer, refuse, utility deposits and stormwater management systems. The water, sewer and refuse activities had sufficient revenues to cover expenses resulting in an increase in the net position for those funds of 2.5%. All of the funds had an operating income for the current year.

The business-type activities saw the charges for services decrease by 1.2% with the impact of current and prior year receivables. The operating expenses for the funds increased \$1 million as the City reported higher pension and OPEB expenses in fiscal year 2023 with the changes to the retirement system calculations.

Financial Analysis of the City's Funds

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

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

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

As of the end of 2023, the City's governmental funds reported combined ending fund balances of \$13.53 million (up from \$11.67 million in 2022). Most of the increase can be attributed to the increase in income tax of \$1.31 million. The City paid off the notes payable of \$1.95 million. Approximately \$7.46 million constitutes unassigned fund balance in the General Fund available for spending for citizens. The remainder of the balance is subject to a particular revenue source under GASB 54 to indicate that it has been spoken for already and not available to be spent for a variety of purposes.

The General Fund is the chief operating fund of the City. As of December 31, 2023, the unassigned General Fund balance was \$7.46 million with a total fund balance of \$7.84 million. As a measure of liquidity, it is often useful to compare these numbers to total General Fund expenditures. Unassigned fund balance represents approximately 231% of the total expenditures, while total fund balance represents 243% of that same amount.

During 2023, the City's General Fund ending balance increased by \$1.7 million even though \$3.36 million was transferred out to other funds, specifically \$3.03 million to the Capital Improvement Fund.

The City's other major governmental funds are the Street, Police Levy, Fire Levy, Tax Increment Equivalent and Capital Improvement Funds. The General Fund advanced \$1.2 million in the Street Fund to help cover various capital projects.

The Police Levy Fund saw property tax collections of \$0.95 million but needed \$0.30 million from the General Fund but used the beginning balance as well to cover operating expenditures of almost \$3.4 million. The fund balance did finish with a negative balance due to payables.

The Fire Levy Fund's main source of revenue is property tax which is 49.68% of all revenues and the EMS charges account for 19.69% of revenues. The fund balance decreased by \$0.52 million as the fund spent over \$2.03 million.

The Tax Increment Equivalent fund receives the revenue from tax incremental revenue on three residential incentive districts.

The Capital Improvement fund became a major fund with the reported assets being over the threshold for the current year. The City transferred over \$3 million into the fund for future capital needs of the City.

The City saw the fund balance in the nonmajor funds decrease by \$0.40 million, with General Fund transfers of \$30,900 into the property rehab nonmajor funds to help offset the negative cash flow. The permissive tax revenues of \$102,133 helped fund future capital improvement needs but there was \$708,695 in expenditures resulting in the overall decrease for the nonmajor funds.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

General Fund Budgeting Highlights

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

During the course of 2023, the City amended its total and General Fund budget several times, the most significant noted below. All recommendations for the budget came from the City Manager after consultation with individual directors and the Finance Department before submission to City Council. The City Council approves changes within the fund between personal services and other expenditures.

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

The following table summarizes the major revenue sources and expenditures from original to final budget for 2023:

Description	Original Budget	Final Budget	Change
Revenues:			
Property and Other Taxes	\$600,000	\$700,000	\$100,000
Income Taxes	2,612,000	4,030,267	1,418,267
Intergovernmental	352,820	352,820	0
Other	673,332	1,200,006	526,674
Total Revenues	<u>4,238,152</u>	<u>6,283,093</u>	<u>2,044,941</u>
Expenditures:			
Security of Persons/Property	691,254	691,254	0
Public Health and Welfare	243,381	243,381	0
Community Environment	743,343	743,343	0
General Government	1,255,142	1,383,142	128,000
Other Expenditures	1,297,130	2,396,130	1,099,000
Total Expenditures	<u>\$4,230,250</u>	<u>\$5,457,250</u>	<u>\$1,277,000</u>

The City did amend the original revenue budget to account for higher collections in income taxes, interest revenue and other taxes. For expenditures, the City amended the budget twice during the year. The most significant amendment was under other expenditures for the purchase of property and the parking lot resurfacing project.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

The following table summarizes the major revenue sources and expenditures from final budget to actual results for 2023:

Description	Final Budget	Actual	Change
Revenues:			
Property and Other Taxes	\$700,000	\$678,824	(\$21,176)
Income Taxes	4,030,267	5,006,393	976,126
Intergovernmental Revenue	352,820	740,422	387,602
Other Revenues	1,200,006	1,467,146	267,140
Total Revenues	6,283,093	7,892,785	1,609,692
Expenditures:			
Security of Persons/Property	691,254	573,943	117,311
Public Health and Welfare	243,381	149,287	94,094
Community Environment	743,343	471,482	271,861
General Government	1,383,142	1,220,152	162,990
Other Expenditures	2,396,130	1,334,501	1,061,629
Total Expenditures	\$5,457,250	\$3,749,365	\$1,707,885

The City's final revenues were 25.6% over the final budget with all of the line items having changes. The income taxes continue to exceed the City's expectations with the implementation of the new system and increase in employment. The intergovernmental revenue was higher with the state public works grant for development within the City. The City's certificate of estimated resources doesn't detail the lines other than property taxes. The City's continued efforts to update the estimated certificate allowed these amounts to remain close although income taxes continued to improve during the year. The final expenditures were about 69% of the final budget.

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets for its governmental and business type activities as of December 31, 2023, amounts to \$16.76 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, equipment and machinery.

Note 9 (Capital Assets) provides capital asset activity during 2023. The City received several grants that helped provide for governmental capital asset acquisition and construction. The City saw governmental-type activities capital assets add \$0.94 million with the larger equipment purchases but current year depreciation reduced the total almost \$0.65 million. For more information on the governmental and business-type capital assets see Note 9 in the notes to the financial statements.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Long-term Debt: At the end of 2023, the City had \$4.19 million in revenue bonds outstanding on the refunding water system improvements bonds and \$2.33 million in general obligation bonds for the fire station project. The City paid off the \$4.45 million of bond anticipation notes outstanding at the end of fiscal year 2022. See Notes 14 and 15 for further information on the City's debt.

Economic Factors affecting the City

Located towards the center of Butler County, the City provides the hometown appeal to over 13,000 residents. The City is ideal for those families looking to locate here as the median age of the residents is just over thirty-two. Information is from April 2020 census. <https://www.census.gov/quickfacts/fact/chart/trentoncityohio/POP010220>

The City's largest industries are supported by manufacturing with Shape Corp, an aluminum extrusion hub for electric vehicles and solar panel fittings located in the City's southeastern corner. Shape Corp's payroll withholding represents 46% of employers within the City. A Carvana vehicle processing hub and a sales center for RV World are also large employers, each representing about 13% of municipal withholdings. The City's full accrual income tax revenue increased about \$2.66 million from 2022 (after increasing \$760,000 between 2022 and 2021). The income tax covers the general fund functions of the City by 134% (cash basis). This excess allows a significant amount of the general fund revenue to be transferred to other funds to help support those operating expenditures.

The City continues to promote itself to business owners, trying to increase retail and industrial growth. The City's outer limits are prime areas for development and will continue to emphasize those types of developments as the City has focused on creating an industrial park type development in the southeastern corner of the City including upgrading a significant portion of the infrastructure in the area, which is contained in a TIF district. The City continues to work through its economic development department to market City-owned land and other industrial land to ensure the City's tax base will grow in the future and continue providing economic support and recreational opportunities to residents and businesses alike.

Requests for Information

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

**CITY OF TRENTON, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental	Business-Type	Total	Component Unit
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 12,159,562	\$ 8,349,194	\$ 20,508,756	\$ 8,918
Receivables (net of allowance for doubtful accounts):				
Taxes - Real and Personal Property	1,980,800	-	1,980,800	-
Taxes - Municipal Income	2,725,862	-	2,725,862	-
Accounts	64,831	909,461	974,292	-
Interest	88,698	-	88,698	-
Loans	-	-	-	93,185
Leases	54,154	-	54,154	-
Payment in Lieu of Taxes	3,268,116	-	3,268,116	-
Due from Other Governments	722,240	-	722,240	-
Internal Balances	1,500,000	(1,500,000)	-	-
Prepaid Bond Insurance	-	26,652	26,652	-
Land Held for Resale	564,208	-	564,208	-
Nondepreciable Assets:				
Land	796,883	3,771,338	4,568,221	-
Construction In Progress	109,774	688,720	798,494	-
Depreciable Assets:				
Plant	-	5,541,934	5,541,934	-
Water and Sewer Lines	-	5,861,722	5,861,722	-
Buildings and Improvements	5,086,920	-	5,086,920	-
Improvements other than Buildings	4,752,103	1,420,930	6,173,033	-
Machinery, Equipment and Vehicles	6,414,839	2,919,326	9,334,165	-
Less: Accumulated Depreciation	(6,179,707)	(7,566,524)	(13,746,231)	-
Total Assets	34,109,283	20,422,753	54,532,036	102,103
Deferred Outflows of Resources:				
Pensions	2,895,919	809,329	3,705,248	-
OPEB	557,080	123,421	680,501	-
Deferred Charge on Refunding	-	194,008	194,008	-
Total Deferred Outflows of Resources	3,452,999	1,126,758	4,579,757	-
Liabilities:				
Accounts Payable	164,686	27,129	191,815	-
Contracts Payable	590,170	274,367	864,537	-
Retainage Payable	66,477	35,465	101,942	-
Accrued Wages and Benefits	220,727	76,622	297,349	-
Due to Other Governments	-	131,864	131,864	-
Deposits Payable	254,705	251,463	506,168	-
Accrued Interest Payable	5,571	10,399	15,970	-
Long Term Liabilities due within 1 year	162,536	422,178	584,714	-
Long Term Liabilities due over 1 year				
Net Pension Liabilities	7,570,866	1,989,737	9,560,603	-
Net OPEB Liabilities	424,130	41,456	465,586	-
Other Long Term Liabilities	2,548,122	4,164,425	6,712,547	-
Total Liabilities	12,007,990	7,425,105	19,433,095	-
Deferred Inflows of Resources:				
Pensions	255,750	2,161	257,911	-
OPEB	397,513	13,673	411,186	-
Leases	57,915	-	57,915	-
Payments in Lieu of Taxes	3,268,116	-	3,268,116	-
Property Tax Levy for Next Fiscal Year	1,955,148	-	1,955,148	-
Total Deferred Inflows of Resources	5,934,442	15,834	5,950,276	-
Net Position:				
Net Investment in Capital Assets	8,557,799	8,201,529	16,759,328	-
Restricted:				
Grants	-	-	-	94,388
Protection of Citizens	684,795	-	684,795	-
Capital Improvements	2,472,226	-	2,472,226	-
Unrestricted	7,905,030	5,907,043	13,812,073	7,715
Total Net Position	<u>\$ 19,619,850</u>	<u>\$ 14,108,572</u>	<u>\$ 33,728,422</u>	<u>\$ 102,103</u>

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities:							
Security of Persons and Property	\$ (6,557,565)	\$ 69,229	\$ -	\$ (5,859,134)	\$ -	\$ (5,859,134)	\$ -
Public Health and Welfare	(153,933)	-	-	(153,933)	-	(153,933)	-
Leisure Time Activities	(393,228)	-	-	(324,320)	-	(324,320)	-
Community Environment	(458,340)	3,818	-	(351,652)	-	(351,652)	(630)
Transportation	(1,484,276)	528,376	416,718	(469,642)	-	(469,642)	-
General Government	(1,212,447)	-	-	(1,127,889)	-	(1,127,889)	-
Other Expenditures	(757,917)	-	-	(541,229)	-	(541,229)	-
Interest and Fiscal Charges	(146,486)	-	-	(146,486)	-	(146,486)	-
Total Governmental Activities	(11,164,192)	601,423	416,718	(8,974,285)	-	(8,974,285)	(630)
Business-Type Activities:							
Water	(2,447,030)	-	-	-	113,088	113,088	-
Sewer	(1,657,495)	-	-	-	175,324	175,324	-
Stormwater Management	(284,757)	-	-	-	15,303	15,303	-
Refuse	(1,186,539)	-	-	-	50,212	50,212	-
Total Business -Type Activities	(5,575,821)	-	-	-	353,927	353,927	-
Total	\$ (16,740,013)	\$ 601,423	\$ 416,718	(8,974,285)	353,927	(8,620,358)	(630)
General Revenues and Transfers:							
Income Taxes				6,425,746	-	6,425,746	-
Property Taxes				2,390,065	-	2,390,065	-
Franchise Fee Taxes				108,905	-	108,905	-
Payment in Lieu of Taxes				562,427	-	562,427	-
Permissive Sales Tax				99,431	-	99,431	-
Grants and Contributions restricted to specific programs				-	-	-	31,000
Grants and Contributions not restricted to specific programs				916,842	-	916,842	-
Unrestricted investment earnings				1,021,648	(595)	1,021,053	1,077
Miscellaneous				161,342	-	161,342	-
Total General Revenues				11,686,406	(595)	11,685,811	32,077
Transfers				8,000	(8,000)	-	-
Changes in Net Position				2,720,121	345,332	3,065,453	31,447
Net Position - Beginning				16,899,729	13,763,240	30,662,969	70,656
Net Position - Ending				\$ 19,619,850	\$ 14,108,572	\$ 33,728,422	\$ 102,103

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Street	Police Levy	Fire Levy	Tax Increment Equivalent	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:								
Equity in Pooled Cash and Cash Equivalents	\$ 4,346,030	\$ 1,003,515	\$ 932	\$ 1,060,955	\$ 2,446,641	\$ 3,068,115	\$ 233,374	\$ 12,159,562
Receivables (net of allowance for doubtful accounts):								
Taxes - Real and Personal Property	642,080	-	760,881	577,839	-	-	-	1,980,800
Taxes - Municipal Income	2,725,862	-	-	-	-	-	-	2,725,862
Accounts	30,011	273	-	34,547	-	-	-	64,831
Interest	88,698	-	-	-	-	-	-	88,698
Leases	54,154	-	-	-	-	-	-	54,154
Payment in Lieu of Taxes	-	-	-	-	2,643,972	-	624,144	3,268,116
Interfund Receivable	2,700,000	-	-	-	-	-	-	2,700,000
Due from Other Governments	210,575	392,692	22,052	48,547	-	-	48,374	722,240
Land Held for Resale	564,208	-	-	-	-	-	-	564,208
Total Assets	11,361,618	1,396,480	783,865	1,721,888	5,090,613	3,068,115	905,892	24,328,471
Liabilities:								
Accounts Payable	95,633	3,624	10,417	46,677	-	8,185	150	164,686
Contracts Payable	-	443,000	-	-	-	-	147,170	590,170
Retainage Payable	-	-	-	-	-	-	66,477	66,477
Accrued Wages and Benefits	61,465	5,484	119,863	33,915	-	-	-	220,727
Deposits Payable	107,462	-	-	147,243	-	-	-	254,705
Interfund Payable	-	1,200,000	-	-	-	-	-	1,200,000
Total Liabilities	264,560	1,652,108	130,280	227,835	-	8,185	213,797	2,496,765
Deferred Inflows of Resources:								
Property Tax Levy for Next Fiscal Year	630,050	-	752,907	572,191	-	-	-	1,955,148
Delinquent Property Tax	12,030	-	7,974	5,648	-	-	-	25,652
Payments in Lieu of Taxes Levied for Next Fiscal Year	-	-	-	-	2,643,972	-	624,144	3,268,116
Income Taxes	2,338,601	-	-	-	-	-	-	2,338,601
Intergovernmental Revenue	187,166	327,007	22,052	48,547	-	-	41,009	625,781
Leases	57,915	-	-	-	-	-	-	57,915
Miscellaneous Revenues	28,961	-	-	-	-	-	802	29,763
Total Deferred Inflows of Resources:	3,254,723	327,007	782,933	626,386	2,643,972	-	665,955	8,300,976
Fund Balances:								
Nonspendable	6,292	-	-	-	-	-	-	6,292
Restricted	-	-	-	867,667	2,446,641	-	55,936	3,370,244
Assigned	373,607	-	-	-	-	3,059,930	171,579	3,605,116
Unassigned	7,462,436	(582,635)	(129,348)	-	-	-	(201,375)	6,549,078
Total Fund Balances	7,842,335	(582,635)	(129,348)	867,667	2,446,641	3,059,930	26,140	13,530,730
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,361,618	\$ 1,396,480	\$ 783,865	\$ 1,721,888	\$ 5,090,613	\$ 3,068,115	\$ 905,892	\$ 24,328,471

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Fund Balances - Governmental Funds		\$ 13,530,730
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		10,980,812
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows in the funds.		3,019,796
The net pension and OPEB assets/liabilities are not available or payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension/OPEB	3,452,999	
Deferred Inflows - Pension/OPEB	(653,262)	
Net Pension/OPEB Liabilities/Asset	<u>(7,994,996)</u>	
Total		(5,195,259)
Long-term liabilities, including accrued interest, loans and bonds payable are not due and payable in the current period and therefore are not reported in the funds.		<u>(2,716,229)</u>
Net Position of governmental activities		<u>\$ 19,619,850</u>

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General	Street	Police Levy	Fire Levy	Tax Increment Equivalent	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:								
Income Taxes	\$ 4,989,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,989,241
Property and Other Taxes	678,824	-	964,988	747,152	-	-	-	2,390,964
Intergovernmental	637,161	778,408	89,827	385,515	-	-	259,133	2,150,044
Charges for Services	132,856	-	-	296,163	-	-	-	429,019
Licenses and Permits	139,520	-	-	-	-	-	3,918	143,438
Investment Earnings	1,021,648	-	-	-	-	-	-	1,021,648
Special Assessments	111,903	-	-	-	-	-	-	111,903
Fines and Forfeitures	85,158	-	73,339	-	-	-	6,792	165,289
Payment in Lieu of Taxes	-	-	-	-	562,427	-	-	562,427
All Other Revenues	442,498	68,738	69,229	75,108	-	-	8,993	664,566
Total Revenues	8,238,809	847,146	1,197,383	1,503,938	562,427	-	278,836	12,628,539
Expenditures:								
Current:								
Security of Persons and Property	575,845	-	3,430,984	1,891,953	-	-	5,690	5,904,472
Public Health and Welfare	139,602	-	-	-	-	-	274	139,876
Leisure Time Activities	294,613	-	-	-	-	-	-	294,613
Community Environment	440,393	-	-	-	-	-	-	440,393
Transportation	-	845,656	-	-	-	-	370,647	1,216,303
General Government	1,185,764	-	-	-	-	-	-	1,185,764
Other	589,189	-	-	-	168,728	-	-	757,917
Capital Outlay	-	-	-	-	250,000	68,899	297,200	616,099
Debt Service:								
Principal Retirement	-	8,846	-	60,000	-	-	-	68,846
Interest and Fiscal Charges	-	34,830	-	76,872	-	-	34,884	146,586
Total Expenditures	3,225,406	889,332	3,430,984	2,028,825	418,728	68,899	708,695	10,770,869
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,013,403	(42,186)	(2,233,601)	(524,887)	143,699	(68,899)	(429,859)	1,857,670
Other Financing Sources (Uses):								
Transfers - In	19,000	-	300,000	-	-	3,032,500	30,900	3,382,400
Transfers - Out	(3,363,400)	(2,000)	(9,000)	-	-	-	-	(3,374,400)
Total Other Financing Sources (Uses)	(3,344,400)	(2,000)	291,000	-	-	3,032,500	30,900	8,000
Change in Fund Balance	1,669,003	(44,186)	(1,942,601)	(524,887)	143,699	2,963,601	(398,959)	1,865,670
Fund Balances (Deficit) at Beginning of Year	6,173,332	(538,449)	1,813,253	1,392,554	2,302,942	96,329	425,099	11,665,060
Fund Balances (Deficit) at End of Year	\$ 7,842,335	\$ (582,635)	\$ (129,348)	\$ 867,667	\$ 2,446,641	\$ 3,059,930	\$ 26,140	\$ 13,530,730

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balances - total governmental funds	\$	1,865,670
Amounts reported in governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		296,239
In the statement of activities, the loss on disposal of capital assets is reported. Conversely, governmental funds do not report any gain or loss on the disposal of capital assets		(14,906)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,247,774
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		68,946
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		640,494
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB assets and liabilities are reported as pension and OPEB expense in the statement of activities.		(1,380,598)
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(3,498)</u>
Change in net position of governmental activities	<u>\$</u>	<u>2,720,121</u>

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2023

GENERAL FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 600,000	\$ 700,000	\$ 678,824	\$ (21,176)
Income Taxes	2,612,000	4,030,267	5,006,393	976,126
Intergovernmental	352,820	352,820	740,422	387,602
Charges for Services	100,000	120,000	132,856	12,856
Licenses and Permits	100,000	168,025	119,120	(48,905)
Investment Earnings	236,351	675,000	851,633	176,633
Special Assessments	106,000	106,000	111,903	5,903
Fines and Forfeitures	55,740	55,740	85,158	29,418
Other All Revenue	75,241	75,241	166,476	91,235
Total Revenue	4,238,152	6,283,093	7,892,785	1,609,692
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	691,254	691,254	573,943	117,311
Public Health and Welfare Services	243,381	243,381	149,287	94,094
Community Environment	743,343	743,343	471,482	271,861
General Government	1,255,142	1,383,142	1,220,152	162,990
Other	1,297,130	2,396,130	1,334,501	1,061,629
Total Expenditures	4,230,250	5,457,250	3,749,365	1,707,885
Excess of Revenues Over Expenditures	7,902	825,843	4,143,420	3,317,577
<u>Other Financing Sources (Uses):</u>				
Advances Out	(120,000)	(1,620,000)	(2,700,000)	(1,080,000)
Income Tax Refunds	(79,000)	(79,000)	(104,413)	(25,413)
Transfers - In	41,733	41,733	19,000	(22,733)
Transfers - Out	(528,275)	(3,528,275)	(3,513,400)	14,875
Total Other Financing Sources (Uses)	(685,542)	(5,185,542)	(6,298,813)	(1,113,271)
Change in Net Position	(677,640)	(4,359,699)	(2,155,393)	2,204,306
Fund Balances at Beginning of Year	5,896,349	5,896,349	5,896,349	-
Prior Year Encumbrances	280,026	280,026	280,026	-
Fund Balances at End of Year	\$ 5,498,735	\$ 1,816,676	\$ 4,020,982	\$ 2,204,306

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2023

STREET FUND

	Budget		Actual	Variance Postive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 734,334	\$ 734,334	\$ 777,060	\$ 42,726
Other All Revenue	22,346	22,543	68,213	45,670
Total Revenue	756,680	756,877	845,273	88,396
<u>Expenditures:</u>				
Current:				
Transportation	1,370,409	1,400,409	915,785	484,624
Debt Service:				
Principal Retirement	1,758,846	1,758,846	1,758,846	-
Interest and Fiscal Charges	52,354	52,354	52,354	-
Total Expenditures	3,181,609	3,211,609	2,726,985	484,624
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,424,929)	(2,454,732)	(1,881,712)	573,020
<u>Other Financing Sources (Uses):</u>				
Advances In	1,740,000	1,200,000	1,200,000	-
Transfers - Out	(2,000)	(2,000)	(2,000)	-
Total Other Financing Sources (Uses)	1,738,000	1,198,000	1,198,000	-
Change in Net Position	(686,929)	(1,256,732)	(683,712)	573,020
Fund Balances at Beginning of Year	1,072,564	1,072,564	1,072,564	-
Prior Year Encumbrances	105,217	105,217	105,217	-
Fund Balances at End of Year	\$ 490,852	\$ (78,951)	\$ 494,069	\$ 573,020

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2023

POLICE LEVY FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 900,000	\$ 900,000	\$ 964,988	\$ 64,988
Intergovernmental	94,000	94,000	94,271	271
Fines and Forfeitures	54,710	54,710	73,339	18,629
Other All Revenue	142,690	91,530	69,229	(22,301)
Total Revenue	1,191,400	1,140,240	1,201,827	61,587
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	2,982,388	3,692,388	3,592,571	99,817
Total Expenditures	2,982,388	3,692,388	3,592,571	99,817
(Deficiency) of Revenues (Under) Expenditures	(1,790,988)	(2,552,148)	(2,390,744)	161,404
<u>Other Financing Sources (Uses):</u>				
Transfers - In	1,200,000	300,000	300,000	-
Transfers - Out	(9,000)	(9,000)	(9,000)	-
Total Other Financing Sources (Uses)	1,191,000	291,000	291,000	-
Change in Net Position	(599,988)	(2,261,148)	(2,099,744)	161,404
Fund Balances at Beginning of Year	1,777,998	1,777,998	1,777,998	-
Prior Year Encumbrances	181,983	181,983	181,983	-
Fund Balances at End of Year	\$ 1,359,993	\$ (301,167)	\$ (139,763)	\$ 161,404

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2023

FIRE LEVY FUND

	Budget		Actual	Variance Postive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 750,000	\$ 700,000	\$ 747,152	\$ 47,152
Intergovernmental	386,001	286,001	385,515	99,514
Charges for Services	225,000	225,000	287,998	62,998
Investment Earnings	3,255	3,255	-	(3,255)
Other All Revenue	121,574	3,039	35,108	32,069
	<u>1,485,830</u>	<u>1,217,295</u>	<u>1,455,773</u>	<u>238,478</u>
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	1,329,926	1,370,926	1,486,012	(115,086)
	<u>1,329,926</u>	<u>1,370,926</u>	<u>1,486,012</u>	<u>(115,086)</u>
Change in Net Position	155,904	(153,631)	(30,239)	123,392
Fund Balances at Beginning of Year	767,308	767,308	767,308	-
Prior Year Encumbrances	26,147	26,147	26,147	-
Fund Balances at End of Year	<u>\$ 949,359</u>	<u>\$ 639,824</u>	<u>\$ 763,216</u>	<u>\$ 123,392</u>

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2023**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Assets:					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 2,719,293	\$ 4,629,955	\$ 593,678	\$ 406,268	\$ 8,349,194
Receivables (net of allowances for doubtful accounts)					
Accounts	357,046	294,525	206,769	51,121	909,461
Total Current Assets	<u>3,076,339</u>	<u>4,924,480</u>	<u>800,447</u>	<u>457,389</u>	<u>9,258,655</u>
<i>Noncurrent Assets:</i>					
Prepaid Bond Insurance	26,652	-	-	-	26,652
Total Noncurrent Assets	<u>26,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,652</u>
<i>Nondepreciable Capital Assets:</i>					
Land	3,757,586	13,752	-	-	3,771,338
Construction in Progress	106,029	582,691	-	-	688,720
<i>Depreciable Capital Assets:</i>					
Plant	5,397,956	71,989	71,989	-	5,541,934
Water and Sewer Lines	3,416,736	2,444,986	-	-	5,861,722
Improvements Other than Buildings	1,179,383	94,470	-	147,077	1,420,930
Machinery, Equipment and Vehicles	1,634,585	758,306	211,446	314,989	2,919,326
Less: Accumulated Depreciation	(4,990,001)	(2,181,450)	(135,038)	(260,035)	(7,566,524)
Total Capital Assets (net of accumulated depreciation)	<u>10,502,274</u>	<u>1,784,744</u>	<u>148,397</u>	<u>202,031</u>	<u>12,637,446</u>
Total Noncurrent Assets	<u>10,528,926</u>	<u>1,784,744</u>	<u>148,397</u>	<u>202,031</u>	<u>12,664,098</u>
Total Assets	<u>13,605,265</u>	<u>6,709,224</u>	<u>948,844</u>	<u>659,420</u>	<u>21,922,753</u>
Deferred Outflows of Resources:					
Pensions	510,877	204,690	90,366	3,396	809,329
OPEB	77,908	31,215	13,781	517	123,421
Deferred Charge on Refunding	194,008	-	-	-	194,008
Total Deferred Outflows of Resources	<u>782,793</u>	<u>235,905</u>	<u>104,147</u>	<u>3,913</u>	<u>1,126,758</u>

**CITY OF TRENTON, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2023**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	\$ 15,340	\$ 11,273	\$ 516	\$ -	\$ 27,129
Contracts Payable	7,724	182,389	84,254	-	274,367
Accrued Wages and Benefits	31,262	28,567	16,517	276	76,622
Retainage Payable	-	35,465	-	-	35,465
Interfund Payable	1,500,000	-	-	-	1,500,000
Due to Other Governments	-	131,864	-	-	131,864
Deposits Payable	-	-	-	251,463	251,463
Accrued Interest Payable	10,399	-	-	-	10,399
Compensated Absences Payable - Current	20,941	14,373	4,079	10,135	49,528
OPWC Loans Payable - Current	-	42,650	-	-	42,650
Revenue Bonds Payable - Current	330,000	-	-	-	330,000
Total Current Liabilities	1,915,666	446,581	105,366	261,874	2,729,487
<i>Noncurrent Liabilities:</i>					
Compensated Absences Payable	52,854	36,276	31,634	4,240	125,004
OPWC Loans Payable	-	213,250	-	-	213,250
Refunded Revenue Bonds Payable	3,826,171	-	-	-	3,826,171
Net OPEB Liability	26,168	10,485	4,629	174	41,456
Net Pension Liability	1,255,992	503,232	222,164	8,349	1,989,737
Total Noncurrent Liabilities	5,161,185	763,243	258,427	12,763	6,195,618
Total Liabilities	7,076,851	1,209,824	363,793	274,637	8,925,105
Deferred Inflows of Resources:					
OPEB	8,631	3,458	1,526	58	13,673
Pensions	1,364	547	241	9	2,161
Total Deferred Inflows of Resources	9,995	4,005	1,767	67	15,834
Net Position:					
Net Investment in Capital Assets	6,540,111	1,310,990	148,397	202,031	8,201,529
Unrestricted	761,101	4,420,310	539,034	186,598	5,907,043
Total Net Position	\$ 7,301,212	\$ 5,731,300	\$ 687,431	\$ 388,629	\$ 14,108,572

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS				
	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
<u>Operating Revenues:</u>					
Charges for Services	\$ 2,508,337	\$ 1,831,708	\$ 1,236,751	\$ 300,060	\$ 5,876,856
Other Operating Revenues	51,781	1,111	-	-	52,892
Total Operating Revenues	2,560,118	1,832,819	1,236,751	300,060	5,929,748
<u>Operating Expenses:</u>					
Personal Services	1,041,437	553,085	100,972	21,593	1,717,087
Materials and Supplies	449,561	20,459	18,442	5,042	493,504
Contractual Services	405,337	948,998	1,005,131	238,416	2,597,882
Other Operating Expenses	95,319	53,557	36,223	1,414	186,513
Depreciation	269,854	81,396	25,771	18,292	395,313
Total Operating Expenses	2,261,508	1,657,495	1,186,539	284,757	5,390,299
Operating Income	298,610	175,324	50,212	15,303	539,449
<u>Non-Operating (Expenses):</u>					
Investment Earnings (net change in fair value)	(595)	-	-	-	(595)
Loss from Sale of Capital Assets	(6,636)	-	-	-	(6,636)
Interest and Fiscal Charges	(178,886)	-	-	-	(178,886)
Total Non-Operating (Expenses)	(186,117)	-	-	-	(186,117)
Income Before Transfers	112,493	175,324	50,212	15,303	353,332
Transfers Out	(4,000)	(4,000)	-	-	(8,000)
Change in Net Position	108,493	171,324	50,212	15,303	345,332
Total net position - Beginning	7,192,719	5,559,976	637,219	373,326	13,763,240
Total net position - Ending	\$ 7,301,212	\$ 5,731,300	\$ 687,431	\$ 388,629	\$ 14,108,572

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS					
	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Change in Cash and Cash Equivalents					
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$ 2,538,686	\$ 1,872,950	\$ 1,251,967	\$ 325,137	\$ 5,988,740
Cash Paid for Employee Services and Benefits	(921,205)	(639,409)	(165,372)	(66,960)	(1,792,946)
Cash Paid to Suppliers for Goods and Services	(856,356)	(1,230,405)	(1,023,662)	(245,534)	(3,355,957)
Other Operating Revenues	51,781	1,111	-	-	52,892
Other Operating Expenses	(90,547)	(52,247)	(36,223)	(1,414)	(180,431)
Net Cash Provided by (Used for) Operating Activities	<u>722,359</u>	<u>(48,000)</u>	<u>26,710</u>	<u>11,229</u>	<u>712,298</u>
<u>Cash Flows from Noncapital Financing Activities:</u>					
Short term advance	1,500,000	-	-	-	1,500,000
Transfers to other funds	(4,000)	(4,000)	-	-	(8,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>1,496,000</u>	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>1,492,000</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Capital Grants	263,092	-	-	-	263,092
Acquisition and Construction of Capital Assets	(222,785)	(406,191)	(8,462)	(6,745)	(644,183)
Principal Paid on Notes	(2,500,000)	-	-	-	(2,500,000)
Principal Paid on Revenue Bonds	(325,000)	-	-	-	(325,000)
Principal Paid on OPWC Payable	-	(42,650)	-	-	(42,650)
Interest and Fiscal Charges Paid on All Debt	(179,218)	-	-	-	(179,218)
Net Cash Used for Capital and Related Financing Activities	<u>(2,963,911)</u>	<u>(448,841)</u>	<u>(8,462)</u>	<u>(6,745)</u>	<u>(3,427,959)</u>
<u>Cash Flows from Investing Activities:</u>					
Interest	9,804	-	-	-	9,804
Net Cash Provided By Investing Activities	<u>9,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,804</u>
Net Change in Cash and Cash Equivalents	(735,748)	(500,841)	18,248	4,484	(1,213,857)
Cash and Cash Equivalents at Beginning of Year	3,455,041	5,130,796	575,430	401,784	9,563,051
Cash and Cash Equivalents at End of Year	<u>\$ 2,719,293</u>	<u>\$ 4,629,955</u>	<u>\$ 593,678</u>	<u>\$ 406,268</u>	<u>\$ 8,349,194</u>
Net Cash Provided by (Used for) Operating Activities: Operating Income	\$ 298,610	\$ 175,324	\$ 50,212	\$ 15,303	\$ 539,449
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used by) Operating Activities:					
Depreciation Expense	269,854	81,396	25,771	18,292	395,313
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
Decrease in Accounts Receivable	30,349	41,242	15,216	5,191	91,998
(Decrease) in Accounts Payable	(3,750)	(25,693)	(4,018)	(2,076)	(35,537)
Increase in Contracts Payable	7,724	-	3,929	-	11,653
Increase in Accrued Wages and Benefits	7,622	4,927	1,057	276	13,882
(Decrease) in Due to Other Governments	(660)	(233,946)	-	-	(234,606)
(Decrease) in Compensated Absences Payable	(1,888)	(1,450)	(701)	(146)	(4,185)
Increase in Deposits Payable	-	-	-	19,886	19,886
Change for Pension/OPEB Related Items	114,498	(89,800)	(64,756)	(45,497)	(85,555)
Total Adjustments	<u>423,749</u>	<u>(223,324)</u>	<u>(23,502)</u>	<u>(4,074)</u>	<u>172,849</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ 722,359</u>	<u>\$ (48,000)</u>	<u>\$ 26,710</u>	<u>\$ 11,229</u>	<u>\$ 712,298</u>

Non-cash disclosure:

The City reported construction in progress in the Sewer fund of \$217,747 that was related to contracts and retainage payable.

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2023**

	<u>Custodial Fund</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 23,637</u>
Net Position:	
Restricted For Individuals and Governments	<u>\$ 23,637</u>

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF CHANGED IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Custodial Fund</u>
Additions:	
Fine and Forfeitures	\$ 132,523
Deductions:	
Payments to others	144,105
Net Decrease in Fiduciary Net Position	(11,582)
Net Position - Beginning	35,219
Net Position - Ending	\$ 23,637

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. Reporting Entity and Basis of Presentation:

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

Reporting entity

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves their budget, the issuance of their debt or the levying of their taxes for the organization. The City has included the Trenton Community Improvement Corporation as a discretely presented component unit.

The Mayor’s Court has been included in the City’s financial statements under evaluation of GASB 84, *Fiduciary Activities*, as a custodial fund for the balance distributed to non-City organizations or individuals. The Mayor is the City official who has fiduciary responsibility for the collection and distribution of the court fees and fines. The funds are ultimately held for the benefit of the City with monthly distributions being sent to the City’s various funds but mainly the General Fund.

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Discretely Presented Component Units

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

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

Basis of presentation – fund accounting

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

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

Separate financial statements are provided for governmental funds, enterprise funds and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

2. Summary of Significant Accounting Policies:

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Measurement focus and basis of accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the enterprise and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Fund Accounting

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

Governmental Funds

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

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The City reports the following major governmental funds:

General Fund

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

Street Fund

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

Police Levy Fund

The Police Levy Fund mainly accounts for the tax levy for the police department and the services provided by the police department.

Fire Levy Fund

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

Tax Increment Equivalent Fund

The Tax Increment Equivalent Fund accounts for tax increment revenue generated on the following residential incentive districts: Centennial Run, Mapleville, and Elk Creek. The revenue is dedicated for further capital improvements as described in the City's resolution. The City is also required to reimburse a portion of the revenue to the Edgewood Local School District.

Capital Improvement Fund

The Capital Improvement Capital Projects fund accounts for the various general construction projects and acquisition for the City.

The City reports the following major enterprise funds:

Water Fund

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

Sewer Fund

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

Refuse Fund

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

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

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

Fiduciary fund reporting focuses on the net position and changes in net position. The City maintains one fiduciary fund, the Mayor's Court Custodial Fund.

Budgetary data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated at the fund, department and object level.

Tax budget

A tax budget of estimated revenues and expenditures for all budgeted funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated resources

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

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Appropriations

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

Encumbrances

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

Lapsing of appropriations

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

Cash and cash equivalents

Cash balances of the City's funds are pooled and invested in short-term investments in order to provide improved cash management. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the statement of net position and fund balance sheets. Interest income is distributed to the funds according to Ohio Constitution, state statutes and the City's investment policy that was adopted by local ordinance. Investment income credited to the General Fund during 2023 was \$1,021,648, which includes \$619,219 assigned from other funds.

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The Water Enterprise Fund also reports a (\$595) in interest (including the change in fair value of investments) during 2023.

During 2023, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), US Treasury Notes/Bills, U.S. governmental agencies, commercial paper, and money market funds. 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 GASB Statement No. 79, "Certain External Investments Pools and Pool Participants". Investments in STAR Ohio and money market funds are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at December 31, 2023, which approximates fair value.

For 2023, there were no limitations or restrictions on any participants withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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

Capital assets and depreciation

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

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

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

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

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

Compensated absences

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

Sick leave benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees based on the policy implemented during prior years that pays out the employee if they terminate service.

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

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Accrued Liabilities and Long-Term Obligations

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

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

Interfund transactions

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

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

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

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Fund Balance

The City reports the following categories of fund balance:

-Nonspendable fund balance relates to unclaimed funds.

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

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

-Committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements

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

The City applies restricted resources first when expenditures are incurred for the purpose for which either restricted or unrestricted (assigned and unassigned) amounts are available. Similarly, within unrestricted fund balances, assigned amounts are reduced first, followed by unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

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Estimates

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

Net Position

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

Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then. The City only has three items that qualify for reporting in this category. One is a deferred charge on refunding reported in the government-wide statement of net position and enterprise fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the remaining life of the refunded debt. The City also reports deferred outflows of resources on the government-wide and enterprise fund statements of net position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

Deferred Inflows of Resources

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

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Property taxes and payment in lieu of taxes for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance fiscal year 2024 operations, have been recorded as deferred inflows of resources. Grants and entitlements and other revenue received before the eligibility requirements are met are also recorded as deferred inflows of resources. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position (see Notes 10 and 11.) The City also reports a deferred inflow of resources for future lease receivable payments.

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

Pensions/OPEB

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

Exchange/Non-Exchange Transactions

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

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

CITY OF TRENTON, OHIO
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Reconciliation of Government-Wide and Fund Financial Statements

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

An element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of \$10,980,812 difference are as follows:

Capital Assets	\$17,160,519
Accumulated Depreciation	(6,179,707)
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$10,980,812

One element of that reconciliation explains that “long-term liabilities, including loans and bonds payable are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$2,716,229) difference are as follows:

Loans Payable	(\$26,535)
Bonds Payable	(2,330,000)
Accrued Interest Payable	(5,571)
Compensated Absences	(354,123)
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	(\$2,716,229)

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

This is the amount by which capital outlays exceeded depreciation in the current period. The details of this \$296,239 are as follows:

Current capital additions	\$944,347
Depreciation Expense	(648,108)
Net Adjustment – capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$296,239

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An element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any affect of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$68,946 are as follows:

Principal paid on long term debt	\$68,846
Change in interest payable	100
Net Adjustment - current financial resources focus to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$68,946

3. Change in Accounting Principles

For fiscal year 2023, the City implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”. GASB Statement 96 requires the recognition of certain subscription assets and liabilities for multi-year technology arrangements without a cancellation clause that the City has control over. The implementation of this standard had no effect on beginning net position as the City had no agreements that met the definition to be included.

4. Budget to GAAP Reconciliation:

Budgetary basis of accounting

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

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3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a restriction or assignment of fund balance for governmental funds.
4. Principal paid on short term notes are recorded when paid (budget basis) but are reported as liabilities or reduction of liabilities on a GAAP basis.
5. The reporting for several funds are classified as general fund (GAAP basis) rather than as special revenue (budget basis.) The fire levy fund also combines several funds (GAAP basis) that are reported as separate special revenue funds (budget basis.)

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

	<u>General Fund</u>	<u>Street</u>	<u>Police Levy</u>	<u>Fire Levy</u>
GAAP Basis	\$1,669,003	(\$44,186)	(\$1,942,601)	(\$524,887)
Adjustments:				
Revenue Accruals	(60,881)	(1,873)	4,444	(48,165)
Expenditure Accruals	(713,630)	(1,328,306)	(139,158)	683,509
Encumbrances	(113,604)	(509,447)	(22,429)	(140,696)
Transfers	(150,000)	0	0	0
Advances	(2,700,000)	1,200,000	0	0
Fund Reclassification	(86,281)	0	0	0
Budget Basis	<u>(\$2,155,393)</u>	<u>(\$683,712)</u>	<u>(\$2,099,744)</u>	<u>(\$30,239)</u>

5. Deposits and Investments:

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. The following is a list of the allowable investments for the City:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio); and
- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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

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

Investments in stripped principal and interest obligations, reverse repurchase agreements and derivative investments are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

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A. Deposits

At year-end, the carrying amount of the City’s deposits was \$9,839,388. As of December 31, 2023, the CIC has \$8,918 in cash on deposit. This account is reported as Equity in Pooled Cash and Cash Equivalents on the Statement of Net Position.

Custodial Credit Risk

As of December 31, 2023, \$1,227,527 of the City’s bank balance of \$10,043,335 was exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. Protection of City cash and deposits are provided by the Federal Depository Insurance Corporation (FDIC) as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Under the Ohio Pooled Collateral Program the Bank pledges (102% at December 31, 2023) to the Treasurer of the State of Ohio a pool of eligible securities for the benefit of all public depositors at the Bank to secure the repayment of uninsured public deposits at the Bank.

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

B. Investments

The City’s investments at December 31, 2023 are summarized below:

Categorized Investments	Fair Value	Fair Value Hierarchy	Investment Maturities (in Year)		Credit Rating(1)	Concentration Percentage
			Less than 1	1-5		
STAR Ohio	\$1,622,471	NA	\$1,622,471	\$0	AAAm	15.17%
US Treasury Notes/Bills	1,400,805	Level 1	570,708	830,097	N/A	13.10%
FFCB	397,446	Level 2	0	397,446	AA+	3.72%
FHLB	2,280,602	Level 2	1,858,470	422,132	AA+	21.33%
FHLMC	176,279	Level 2	0	176,279	AA+	1.65%
Commercial Paper	4,749,428	Level 2	4,749,428	0	AA+	44.42%
Money Market Funds	65,974	NA	65,974	0	AA+	0.61%
Total	\$10,693,005		\$8,867,051	\$1,825,954		

(1) Standard & Poor’s

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The City's investments in money market funds and STAR Ohio are excluded from fair value measurement requirements under GASB Statement No. 72, and instead are reported at amortized cost.

Custodial Credit Risk

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

Interest Rate Risk

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

Concentration of Credit Risk

The City places no limit on the amount it may invest in any one issuer.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 2 inputs are significant other observable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

6. Property Taxes:

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

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Public utility property consists of both real property and tangible personal property. Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value; public utility real property is assessed at 35 percent of appraised market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Trenton. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2023, was \$12.99 (\$3.24 operating, \$5.25 police levy and \$4.50 fire levy) per \$1,000 of assessed valuation.

The assessed values of real and public utility property upon which 2023 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$205,768,550
Public Utility Property	19,339,140
Total Property Tax	\$225,107,690

Property taxes receivable represents real and public utility property taxes, public utility taxes and outstanding delinquencies that are measurable as of December 31, 2023. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2023 operations. The receivable is therefore offset by a credit reported as deferred inflows of resources on financial statements.

7. Income Tax:

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

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

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Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2023, the proceeds were allocated to the General Fund. Net income tax revenue for 2023 was \$4,989,241.

8. Receivables:

Receivables at December 31, 2023, consisted of property taxes, income taxes, special assessments, due from other governments arising from grants, entitlements and shared revenues, interest on investments, leases and utility accounts. All receivables are considered fully collectible.

A summary of due from other governments follows:

Fund/Description	Amount
<u>MAJOR FUNDS</u>	
<i>General Fund:</i>	
Bureau of Workers Compensation	\$1,438
Local Government Revenue	155,785
Homestead and Rollback	53,352
Total General Fund	210,575
<i>Street Fund:</i>	
Somers and Madison Townships	4,254
Motor Vehicle License Tax	40,595
Gas Tax	347,843
Total Street Fund	392,692
<i>Police Levy Fund:</i>	
Homestead and Rollback	22,052
<i>Fire Levy Fund:</i>	
Homestead and Rollback	48,547
<u>NONMAJOR FUND</u>	
<i>Permissive Motor Vehicle License Fund</i>	
Permissive Tax	48,374
Total for Governmental Activities	\$722,240

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9. Capital Assets:

Changes in Capital Assets during the year ended December 31, 2023, were as follows:

	Balance 12/31/22	Increases	Decreases	Balance 12/31/23
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$646,739	\$150,144	\$0	\$796,883
Construction In Progress	76,260	33,514	0	109,774
Total Capital Assets not being depreciated	722,999	183,658	0	906,657
Capital Assets, being depreciated:				
Buildings	5,086,920	0	0	5,086,920
Improvements other than Buildings	4,752,103	0	0	4,752,103
Machinery, Equipment and Vehicles	5,994,682	760,689	(340,532)	6,414,839
Total Capital Assets being depreciated	15,833,705	760,689	(340,532)	16,253,862
Accumulated Depreciation:				
Buildings	(1,368,446)	(108,112)	0	(1,476,558)
Improvements other than Buildings	(626,651)	(95,294)	0	(721,945)
Machinery, Equipment and Vehicles	(3,862,128)	(444,702)	325,626	(3,981,204)
Total Accumulated Depreciation	(5,857,225)	(648,108)	325,626	(6,179,707)
Net Capital Assets, being depreciated	9,976,480	112,581	(14,906)	10,074,155
Governmental Activities Capital Assets	\$10,699,479	\$296,239	(\$14,906)	\$10,980,812
Business Type Activities:				
Capital Assets, not being depreciated:				
Land	\$3,757,586	\$13,752	\$0	\$3,771,338
Construction In Progress	224,648	464,072	0	688,720
Total Capital Assets not being depreciated	3,982,234	477,824	0	4,460,058
Capital Assets, being depreciated:				
Plant	5,643,568	0	(101,634)	5,541,934
Water and Sewer Lines	5,861,722	0	0	5,861,722
Improvements other than Buildings	1,427,566	0	(6,636)	1,420,930
Machinery, Equipment and Vehicles	2,967,167	352,213	(400,054)	2,919,326
Total Capital Assets being depreciated	15,900,023	352,213	(508,324)	15,743,912
Accumulated Depreciation:				
Plant	(2,021,517)	(109,202)	101,634	(2,029,085)
Water and Sewer Lines	(3,106,798)	(108,119)	0	(3,214,917)
Improvements other than Buildings	(189,806)	(34,217)	0	(224,024)
Machinery, Equipment and Vehicles	(2,354,778)	(143,775)	400,054	(2,098,500)
Total Accumulated Depreciation	(7,672,899)	(395,313)	501,688	(7,566,524)
Net Capital Assets, being depreciated	8,227,124	(43,100)	(6,636)	8,177,388
Business Type Activities Capital Assets	\$12,209,358	\$434,724	(\$6,636)	\$12,637,446

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* Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Security of Persons and Property	\$410,149
Leisure Time Activities	49,506
Community Environment	2,240
Public Health and Welfare	8,931
Transportation	126,560
General Government	<u>50,722</u>
 Total Depreciation Expense - governmental activities	 <u><u>\$648,108</u></u>

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

Business Type Activities:	
Water	\$269,854
Sewer	81,396
Refuse	25,771
Non-major enterprise	<u>18,292</u>
 Total Depreciation Expense - business-type activities	 <u><u>\$395,313</u></u>

The City also reports \$564,208 of land held for resale on the financial statements. The City purchased several properties that will be sold to a developer in the future.

10. Defined Benefit Pension Plans:

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police, 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. 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.

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.

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

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 base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2023 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$338,683 for the year ending December 31, 2023. Of this amount, \$11,657 is reported as accrued wages and benefits.

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OPF 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 OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries under optional plans, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

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

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0% 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.

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

	Police
2023 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee:	12.25 %
 2023 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
 Total Employer	 19.50 %
 Employee:	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$314,609 for 2023. Of this amount \$14,932 is reported as accrued wages and benefits.

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

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. 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 of the City's defined benefit pension plans:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability - Prior Measurement Year	0.015485%	0.0480870%	
Proportion of the Net Pension Liability - Current Measurement Year	0.015701%	0.0518210%	
Change in proportion	0.000216%	0.003734%	
Proportionate Share of the Net Pension Liability	\$4,638,082	\$4,922,521	\$9,560,603
Pension Expense	\$679,713	\$709,607	\$1,389,320

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At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in proportion and differences	\$ 22,807	\$ 269,606	\$ 292,413
Differences between expected and actual experience	154,057	73,836	227,893
Change in assumptions	48,998	443,995	492,993
Net difference between projected and actual earnings on pension plan investments	1,321,998	716,659	2,038,657
City contributions subsequent to the measurement date	<u>338,683</u>	<u>314,609</u>	<u>653,292</u>
Total Deferred Outflows of Resources	<u><u>\$1,886,543</u></u>	<u><u>\$1,818,705</u></u>	<u><u>\$3,705,248</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$112,149	\$112,149
Changes of assumptions	0	95,987	95,987
Changes in proportion and differences	<u>5,040</u>	<u>44,735</u>	<u>49,775</u>
Total Deferred Inflows of Resources	<u><u>\$5,040</u></u>	<u><u>\$252,871</u></u>	<u><u>\$257,911</u></u>

\$653,292 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2024	(\$189,890)	(\$168,583)	(\$358,473)
2025	(316,196)	(286,565)	(602,761)
2026	(389,129)	(315,712)	(704,841)
2027	(647,605)	(454,829)	(1,102,434)
2028	<u>0</u>	<u>(25,536)</u>	<u>(25,536)</u>
Total	<u><u>(\$1,542,820)</u></u>	<u><u>(\$1,251,225)</u></u>	<u><u>(\$2,794,045)</u></u>

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Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

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

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During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for 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 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The 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 real 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 rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00%</u>	

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Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the 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 benefits 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.

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$6,947,693	\$4,638,082	\$2,716,901

Actuarial Assumptions – OPF

OP&F’s total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The 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 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. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, 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.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

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For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

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, 2022, are summarized below:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.5x

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 their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

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

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

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	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$6,493,718	\$4,922,521	\$3,616,333

11. Net OPEB Liability

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

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

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

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

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

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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. Medicare-enrolled 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 selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

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 traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

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

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

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A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't 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.

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.

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 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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.

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.

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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 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. 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 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. 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 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2023.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OPF) 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, OPF implemented a new model for health care. Under this new model, OPF provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OPF 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 OPF 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, OPF 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 OPF receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OPF 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, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF 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 OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent of covered payroll for police. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police 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 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OPF was \$7,202 for 2023. Of this amount, \$393 is reported as an *accrued wages and benefits*.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OPF's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

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	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.015326%	0.0518210%	
Prior Measurement Date	<u>0.014971%</u>	<u>0.0480870%</u>	
Change in Proportionate Share	<u>0.0003550%</u>	<u>0.0037340%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$96,633	\$368,953	\$465,586
OPEB Expense/Negative Expense	(\$144,273)	\$69,996	(\$74,277)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes of assumptions	\$94,384	\$ 185,471	\$ 279,855
Net difference between projected and actual earnings on OPEB plan investments	191,917	45,330	237,247
Differences between expected and actual experience	0	22,017	22,017
Changes in proportionate share	1,397	132,783	134,180
City contributions subsequent to the measurement date	<u>0</u>	<u>7,202</u>	<u>7,202</u>
Total Deferred Outflows of Resources	<u>\$287,698</u>	<u>\$392,803</u>	<u>\$680,501</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$24,104	\$73,099	\$97,203
Changes of assumptions	7,766	302,325	310,091
Changes in proportionate share	<u>0</u>	<u>3,892</u>	<u>3,892</u>
Total Deferred Inflows of Resources	<u>\$31,870</u>	<u>\$379,316</u>	<u>\$411,186</u>

\$7,202 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ending December 31:	OPERS	OP&F	Total
2024	\$33,083	(\$49,660)	(\$16,577)
2025	70,186	(49,112)	21,074
2026	59,846	8,765	68,611
2027	92,713	3,524	96,237
2028	0	26,195	26,195
Thereafter	0	66,573	66,573
Total	\$255,828	\$6,285	\$262,113

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, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial
	3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions.

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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 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution 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, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined 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 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 rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric 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, 2022, these best estimates are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00%</u>	

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) 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 an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, 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 Asset/Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net OPEB asset/liability calculated using the single discount rate of 5.22 percent, as well as what the City’s proportionate share of the net OPEB asset/liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	<u>1% Decrease (4.22%)</u>	<u>Current Discount Rate (5.22%)</u>	<u>1% Increase (6.22%)</u>
City's proportionate share of the net OPEB asset/liability	\$328,651	\$96,633	(\$94,950)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$90,507	\$96,633	\$103,371

Actuarial Assumptions – OPF

OPF’s total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OPF’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing 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.

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

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	4.27 percent
Prior measurement date	2.84 percent
Cost of Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2036

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, 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.

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For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

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 the Statement of Investment Policy. A forecasted rate of inflation serves as the 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 averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.5x

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 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution 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 of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, for 2022, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, and the Municipal Bond Index Rate of 3.65 percent was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27 percent. For 2021, a municipal bond rate of 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.5 which resulted in a blended discount rate of 2.84. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 4.27 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$454,328	\$368,953	\$296,870

12. Other Employee Benefits:

Compensated absences

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

Upon separation from service for any reason, all employees shall be paid for one-half of any accrued but unused sick leave credit. In addition, full time employees receive thirty-two hours of personal leave each year. Personal leave hours do not accumulate except that a maximum of sixteen hours may be carried forward at the end of each year. In addition, City employees may convert personal leave hours to sick leave hours at a two to one ratio.

Insurance benefits

The City has elected to provide employee medical/surgical and life insurance benefits through Medical Mutual for all full-time employees. The City pays for 90% of the monthly premium and the employee pays for 10% of the monthly premium. This coverage continues through 2023. The premium varies with each employee depending on the coverage elected such as employee only, employee plus spouse, employee plus children, or family plan. Dental insurance is offered to employees through Dental Care Plus for all full-time employees. The City pays 90 percent of the monthly premium and the employee pays for 10 percent of the monthly premium. The premium varies with each employee depending on the coverage elected, just as with healthcare. The City was given the option and chose to offer Blue View Vision to the employees. The premium varies with each employee depending on the coverage elected, just as with healthcare, and the employees pay 100% of the monthly premium. Life insurance is provided through Standard Life Insurance to all full-time employees with \$20,000 coverage at no cost to the employees.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The City provides a high deductible healthcare plan with Medical Mutual, which provided the employees with the opportunity to participate in employee Health Savings Accounts (HSA). Starting in Plan Year 2024, City employees have the opportunity to earn employer-granted payments into the HSA in the amount of \$600 for individuals, \$1,000 for employee + spouse, and \$1,500 for family plans. The health savings account is a tax exempt trust or custodial account that is set up with a qualified HSA trustee to pay or reimburse certain medical expenses incurred. The City offered a traditional insurance plan as a second option at the renewal in 2022. As noted above, the City pay 90% of the monthly premiums and the employee pays for 10% of the monthly premium.

13. Risk Management:

Property and liability

The City is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City received insurance from the Public Entities Pool of Ohio, (PEP), a joint self-insurance pool. The coverage period is December 20, 2022 to December 20, 2023 and further extended to December 20, 2024. This pool provides joint and cooperative pooling of financial and administrative resources, as well as risk management services and risk sharing facilities to its members, and defends and protects against liability.

General liability, police professional liability, employee practices liability, stop gap liability, and public officials' liability have a \$5 million limit each occurrence (no annual aggregate). Auto liability has a \$5 million limit of liability per accident. Property coverage is limited to the value of the property, as is boiler and machinery, EDP equipment and Inland Marine equipment.

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

Crime coverage was underwritten by Travelers Insurance Company, with a policy period of December 20, 2022 to December 20, 2023 but during fiscal year 2024 the coverage was switched to USI. The limit is \$100,000 and the deductible is \$1,000. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Workers' Compensation

For fiscal year 2023, the City participated in the Ohio Association of Public Treasurers Workers Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to cities that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control and actuarial services to the GRP. The City may withdraw from the GRP if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the GRP prior to withdrawal, and any participant leaving the GRP allows the representative of the GRP to assess loss experience for three years following the last year of participation.

14. Long-Term Obligations:

Changes in long-term obligations during 2023 were as follows:

	Balance 12/31/22	Increase	Decrease	Balance 12/31/23	Due within one year
Governmental Activities:					
Ohio Public Works Commission Loan (1)	\$35,381	\$0	\$8,846	\$26,535	\$8,846
General Obligation Bonds – Fire	2,390,000	0	60,000	2,330,000	60,000
Compensated Absences Payable	350,625	203,091	199,593	354,123	93,690
Net Pension Liability					
OPERS	673,898	1,974,447	0	2,648,345	0
OPF	3,004,173	1,918,348	0	4,922,521	0
Net OPEB Liability					
OPERS	0	55,177	0	55,177	
OPF	527,070	0	158,117	368,953	
Total – Governmental Activities	6,981,147	4,151,063	426,556	10,705,654	162,536
Business -Type Activities:					
Refunding Water Revenue Bond	4,515,000	0	325,000	4,190,000	330,000
Discount on Revenue Bonds	(36,905)	3,076	0	(33,829)	0
Ohio Public Works Commission Loan (1)	298,550	0	42,650	255,900	42,650
Compensated Absences Payable	178,717	94,186	98,371	174,532	49,528
Net Pension Liability – OPERS	673,360	1,316,377	0	1,989,737	0
Net OPEB Liability – OPF	0	41,456	0	41,456	0
Total – Business - Type Activities	\$5,628,722	\$1,455,095	\$466,021	\$6,617,796	\$422,178

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

(1) The Ohio Public Works Commission Loans are direct borrowing of the City

In November 2019, the City issued \$2,565,000 in general obligation bonds at a variable interest rate between 2% and 3% over thirty years. Interest is paid semi-annually. The bond was issued for the improvements to the City's fire station. The bond will be paid from revenues derived from the fire tax levy and backed by the general revenue of the City. There was \$60,000 principal and \$68,050 interest paid during the year.

The water system improvement refunding revenue bond was issued in February 2013 at a variable interest rate from 0.60% to 3.47% over twenty-two years. Interest is paid semi-annually. The bond was issued at a net discount which is being amortized over the life of the bond on the straight line method. The City has pledged user charges from the Water Fund to repay the principal and interest on the bonds. The bonds are payable from pledged revenues through 2034. Annual principal and interest payments on the bonds are expected to require approximately 35% of annual pledged revenues. The proceeds from the refunding bond issuance retired the 2004 revenue bonds on December 1, 2014 which were defeased during fiscal year 2013. The City paid \$325,000 in principal and \$132,582 in interest during the year from the pledged revenue in the water fund.

The business-type Ohio Public Works Commission loan was finalized during 2009 with payments starting in 2010. The loan is a zero interest loan payable from sewer revenues. The loan is amortized over twenty years. The governmental type Ohio Public Works Commission loan was finalized in 2016 with payments starting in 2017. The loan is a zero interest loan payable from gas tax revenues. The loan is amortized over ten years. These loans are considered direct borrowings of the City.

Compensated absences will be paid from the fund from which the employee is paid. The net pension/OPEB liability are paid from the fund where the salaries are paid from to the extent the City is required to pay under the Ohio Revised Code.

As of December 31, 2023, the City's overall voted legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$21,279,772 and the unvoted legal debt margin was \$10,024,388.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Annual debt service requirements to maturity for the General Obligation Bonds are as follows:

GOVERNMENTAL-TYPE ACTIVITIES			
General Obligation Bonds			
Years	Principal	Interest	Total
2024	\$60,000	\$66,850	\$126,850
2025	65,000	65,650	130,650
2026	65,000	63,700	128,700
2027	65,000	61,750	126,750
2028	70,000	59,800	129,800
2029-2033	380,000	268,270	648,270
2034-2038	430,000	214,960	644,960
2039-2043	495,000	150,110	645,110
2044-2048	575,000	71,400	646,400
2049	125,000	3,750	128,750
Totals	<u>\$2,330,000</u>	<u>\$1,026,240</u>	<u>\$3,356,240</u>

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

BUSINESS-TYPE ACTIVITIES			
Water Refunding Revenue Bonds			
Years	Principal	Interest	Total
2024	\$330,000	\$124,782	\$454,782
2025	340,000	116,532	456,532
2026	345,000	107,606	452,606
2027	355,000	98,118	453,118
2028	365,000	88,356	453,356
2029-2033	2,015,000	269,122	2,284,122
2034	440,000	14,300	454,300
Totals	<u>\$4,190,000</u>	<u>\$818,816</u>	<u>\$5,008,816</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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Annual debt service requirements to maturity for Ohio Public Works Commission loan are as follows:

BUSINESS-TYPE ACTIVITIES			
<u>OPWC Loans (Direct Borrowing)</u>			
<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$42,650	\$0	\$42,650
2025	42,650	0	42,650
2026	42,650	0	42,650
2027	42,650	0	42,650
2028	42,650	0	42,650
2029	42,650	0	42,650
Totals	<u>\$255,900</u>	<u>\$0</u>	<u>\$255,900</u>

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

GOVERNMENTAL ACTIVITIES			
<u>OPWC Loans (Direct Borrowing)</u>			
<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$8,846	\$0	\$8,845
2025	8,845	0	8,845
2026	8,844	0	8,845
Totals	<u>\$26,535</u>	<u>\$0</u>	<u>\$26,535</u>

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

15. Short-Term Obligations:

Changes in short-term obligations during 2023 were as follows:

	Balance 12/31/22	Increase	Decrease	Balance 12/31/23
Governmental Funds				
Notes Payable – 2020 Fire Truck/Equipment	\$200,000	\$0	\$200,000	\$0
Notes Payable – Road Improvement	1,750,000	0	1,750,000	0
Notes Payable – Park Equipment	0	0	0	0
Total Governmental Funds	1,950,000	0	1,950,000	0
Enterprise Funds				
Notes Payable – Land Acquisition	2,500,000	0	2,500,000	0

The \$200,000 notes were issued for 2020 fire truck and equipment purchase. They are backed by the full faith and credit of the general obligation credit of the City. The \$200,000 notes were issued on November 8, 2022 at a 1.75 percent interest rate and matured on November 7, 2023.

The \$2,500,000 notes were issued for land acquisition and extension of the City’s wellfield. They are backed by the full faith and credit of the respective operating revenue or general obligation credit of the City. The \$2,500,000 notes were issued on November 8, 2022 at a 1.75 percent interest rate and matured on November 7, 2023.

The \$1,750,000 notes were issued for road improvements in the City. They are backed by the full faith and credit of the respective operating revenue or general obligation credit of the City. The \$1,750,000 notes were issued on June 8, 2022 at a 4 percent interest rate and matured on June 7, 2023.

16. Interfund Transactions

Following is a summary of interfund payables/receivables and transfers for all funds for 2023:

Fund	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General	\$2,700,000	\$0	\$19,000	\$3,363,400
Street	0	1,200,000	0	2,000
Police Levy	0	0	300,000	9,000
Capital Improvement	0	0	3,032,500	0
Water	0	1,500,000	0	4,000
Sewer	0	0	0	4,000
Non-Major Governmental Funds	0	0	30,900	0
Total All Funds	\$2,700,000	\$2,700,000	\$3,382,400	\$3,382,400

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The transfers from the general funds are to help support those various other functions. The General Fund transferred \$300,000 to the Police Levy Fund to supplement the Police levy funds and \$3,032,500 to the Capital Improvement and \$30,900 to the Property Rehabilitation funds reported in non-major governmental funds to cover expenditures for those activities.

17. Jointly Governed Organization

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

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

Payments to OKI are made from the General Fund. The City paid \$3,774 to OKI during 2023. To obtain financial information, write to Director of Finance and Administration of the Ohio-Kentucky-Indiana Regional Council of Governments at 920 Pete Rose Way, Suite 420, Cincinnati, Ohio, 45202.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

18. Fund Balance Allocation

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

<u>Fund Balance</u>	<u>General</u>	<u>Street</u>	<u>Police Levy</u>	<u>Fire Levy</u>	<u>Tax Increment Equivalent</u>	<u>Capital Improvement</u>	<u>Other</u>
Nonspendable:							
Unclaimed Monies	\$6,292	\$0	\$0	\$0	\$0	\$0	\$0
Restricted:							
Public Works	0	0	0	0	0	0	0
Public Safety	0	0	0	867,667	0	0	30,351
Capital Improvements	0	0	0	0	2,446,641	0	25,585
Assigned:							
Park Purposes	260,003	0	0	0	0	3,059,930	171,579
Encumbrances	113,604	0	0	0	0	0	0
Unassigned							
Budget Stabilization	398,366	0	0	0	0	0	0
Unassigned	7,064,070	(582,635)	(129,348)	0	0	0	(201,375)
Total Fund Balance	\$7,842,335	(\$582,635)	(\$129,348)	\$867,667	\$2,446,641	\$3,059,930	\$26,140

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

19. Contingent Liabilities:

Litigation

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

20. Fund Deficits:

The Street fund's negative fund balance of \$582,635 is directly related to an advance from the General fund being reported as a liability. As noted in Note 21, the advance (interfund loan) was subsequently forgiven in 2024.

The Police Levy fund reports a negative fund balance of \$129,348. The deficit is generally due to generally accepted accounting principles entries reducing the balance. The Police Levy fund also reports a negative budgetary fund balance of \$139,763. The budgetary deficit is partially created by outstanding encumbrances at year-end of \$140,696.

21. Subsequent Events:

In March of 2024, the City passed legislation to legally forgive the interfund loan between the General fund and Street fund effectively reclassifying the advance to a transfer.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	0.015701%	0.015485%	0.015627%	0.014874%	0.014816%	0.014540%	0.014804%	0.015134%	0.014942%	0.014942%
The City's Proportionate Share of the Net Pension Liability	\$ 4,638,082	\$ 1,347,258	\$ 2,314,020	\$ 2,939,767	\$ 4,057,622	\$ 2,281,044	\$ 3,361,738	\$ 2,621,400	\$ 1,802,156	\$ 1,761,451
The City's Covered Payroll	\$ 2,209,107	\$ 2,486,843	\$ 2,275,900	\$ 2,124,136	\$ 2,061,521	\$ 1,951,531	\$ 1,867,500	\$ 1,876,108	\$ 1,986,550	\$ 1,046,315
The City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	209.95%	54.18%	101.67%	138.40%	196.83%	116.88%	180.01%	139.73%	90.72%	168.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

Notes to the Schedule:

For fiscal year 2022, the discount rate was reduced from 7.2% to 6.9%. This impacted the projected inflows and outflows from investment earnings. The wage inflation percentage was reduced from 3.25% to 2.75% for a change in assumptions.

For fiscal year 2019, the discount rate was reduced from 7.5% to 7.2%. This impacted the projected inflows and outflows from investment earnings.

For fiscal year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, 3.75% to a reduction in the wage inflation rate from 3.25%, and transitions from the RP-Zero mortality tables to the RP-2014 mortality tables.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 338,683	\$ 309,275	\$ 348,158	\$ 318,626	\$ 297,379	\$ 288,613	\$ 253,699	\$ 224,100	\$ 225,133	\$ 238,386
Contributions in Relation to the Contractually Required Contribution	(338,683)	(309,275)	(348,158)	(318,626)	(297,379)	(288,613)	(253,699)	(224,100)	(225,133)	(238,386)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 2,419,164	\$ 2,209,107	\$ 2,486,843	\$ 2,275,900	\$ 2,124,136	\$ 2,061,521	\$ 1,951,531	\$ 1,867,500	\$ 1,876,108	\$ 1,986,550
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	0.051821%	0.048087%	0.047384%	0.048789%	0.048190%	0.044437%	0.040913%	0.040075%	0.041303%	0.041303%
The City's Proportionate Share of the Net Pension Liability	\$ 4,922,521	\$ 3,004,173	\$ 3,230,183	\$ 3,286,667	\$ 3,933,577	\$ 2,727,272	\$ 2,591,385	\$ 2,578,039	\$ 2,139,675	\$ 2,011,593
The City's Covered Payroll	\$ 1,384,589	\$ 1,456,011	\$ 1,296,984	\$ 1,306,500	\$ 1,201,911	\$ 1,038,763	\$ 950,253	\$ 911,205	\$ 684,442	\$ 863,584
The City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	355.52%	206.33%	249.05%	251.56%	327.28%	262.55%	272.70%	282.93%	312.62%	232.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%	65.07%	70.91%	68.36%	66.77%	72.20%	73.00%

(1) Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

Notes to the Schedule:

For fiscal year 2023, the assumptions were changed from using RPT-2014 to PUB 2021 using MP 2021

For fiscal year 2022, the discount rate was reduced from 8% to 7.5%. This impacted the projected inflows from investment earnings.

For fiscal year 2018, the discount rate was reduced from 8.25% to 8%. This impacted the projected inflows from investment earnings.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 314,609	\$ 263,072	\$ 276,642	\$ 246,427	\$ 248,235	\$ 228,363	\$ 197,365	\$ 180,548	\$ 173,129	\$ 122,036
Contributions in Relation to the Contractually Required Contribution	(314,609)	(263,072)	(276,642)	(246,427)	(248,235)	(228,363)	(197,365)	(180,548)	(173,129)	(122,036)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 1,655,837	\$ 1,384,589	\$ 1,456,011	\$ 1,296,984	\$ 1,306,500	\$ 1,201,911	\$ 1,038,763	\$ 950,253	\$ 911,205	\$ 684,442
Contributions as a Percentage of Covered Payroll	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	17.83%

Note: The percentages shown are only the police portion since the firefighters do not contribute to OPF.

CITY OF TRENTON, OHIO
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS (1) (2)

	2023	2022	2021	2020	2019	2018	2017
The City's Proportion of the Net OPEB Liability/Asset	0.015326%	0.014971%	0.014730%	0.013918%	0.014220%	0.014080%	0.014026%
The City's Proportionate Share of the Net OPEB Liability/Asset	\$ 96,633	\$ (468,914)	\$ (262,427)	\$ 1,922,437	\$ 1,841,174	\$ 1,528,983	\$ 1,416,667
City's Covered Payroll	\$ 2,209,107	\$ 2,486,843	\$ 2,275,900	\$ 2,124,136	\$ 2,061,521	\$ 1,951,531	\$ 1,867,500
The City's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	4.37%	-18.86%	-11.53%	90.50%	89.31%	78.35%	75.86%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.50%

(1) Information prior to 2017 is not available

(2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

Notes to the Schedule:

For fiscal year 2019, the discount rate was increased from 3.85% to 3.96%. This impacted the projected inflows and outflows from investment earnings. The initial health care cost trend rate initial rate also changed from 7.50% to 10.0%.

For fiscal year 2020, the discount rate was decreased from 3.96% to 3.16%. This impacted the projected inflows and outflows from investment earnings. The initial health care cost trend rate initial rate also changed from 10% to 10.5%.

For fiscal year 2021, the discount rate was increased from 3.16% to 6.00%. This impacted the projected inflows and outflows from investment earnings. The initial health care cost trend rate initial rate also changed from 10.5% to 8.5%.

For fiscal year 2022, the initial health care cost trend rate initial rate also changed from 8.5% to 5.5%. The projected salary increases were reduced from 3.25%-10.75% to 2.75%-10.75%.

CITY OF TRENTON, OHIO
 SCHEDULE OF CITY'S OPEB CONTRIBUTIONS
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,515	\$ 37,350	\$ 37,522	\$ 39,731
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	(19,515)	(37,350)	(37,522)	(39,731)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 2,419,164	\$ 2,209,107	\$ 2,486,843	\$ 2,275,900	\$ 2,124,136	\$ 2,061,521	\$ 1,951,531	\$ 1,867,500	\$ 1,876,108	\$ 1,986,550
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%

CITY OF TRENTON, OHIO
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO POLICE AND FIRE FUND
LAST SEVEN FISCAL YEARS (1) (2)

	2023	2022	2021	2020	2019	2018	2017
The City's Proportion of the Net OPEB Liability	0.051821%	0.048087%	0.047384%	0.048789%	0.048190%	0.044437%	0.040913%
The City's Proportionate Share of the Net OPEB Liability	\$ 368,953	\$ 527,070	\$ 502,036	\$ 481,920	\$ 438,844	\$ 2,517,710	\$ 1,942,048
City's Covered Payroll	\$ 1,384,589	\$ 1,456,011	\$ 1,296,984	\$ 1,306,500	\$ 1,201,911	\$ 1,038,763	\$ 950,253
The City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	26.65%	36.20%	38.71%	36.89%	36.51%	242.38%	204.37%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.60%	46.90%	45.42%	47.10%	46.57%	14.13%	15.96%

(1) Information prior to 2017 is not available

(2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

Notes to the Schedule:

Changes in benefit terms:

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

Change in assumptions:

In 2018, the single discount rate changed from 3.79% to 3.24%. In 2019, the single discount rate changed from 3.24% to 4.66%. In 2020, the single discount rate changed from 4.66% to 3.56%. In 2021, the single discount rate changed from 3.56% to 2.96%. In 2022, the single discount rate was changes from 2.96% to 4.27%. In 2023, the single discount rate was changed from 6 to 5.22 and healthcare change from 5.5% initial, 3.5% ultimate in 2034 to 3.5% initial, 3.5% ultimate in 2036.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 7,202	\$ 6,940	\$ 7,280	\$ 6,485	\$ 6,533	\$ 6,010	\$ 5,194	\$ 4,751	\$ 4,556	\$ 11,430
Contributions in Relation to the Contractually Required Contribution	(7,202)	(6,940)	(7,280)	(6,485)	(6,533)	(6,010)	(5,194)	(4,751)	(4,556)	(11,430)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 1,655,837	\$ 1,384,589	\$ 1,456,011	\$ 1,296,984	\$ 1,306,500	\$ 1,201,911	\$ 1,038,763	\$ 950,253	\$ 911,205	\$ 684,442
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	1.67%

Note: The percentages shown are only the police portion since the firefighters do not contribute to OPF.

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

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Trenton:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Trenton, Ohio ("the City") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2024.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

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 grants 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to the Finding

Government Audit 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 responses. 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 26, 2024

2023-001 Financial Reporting

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

We proposed audit adjustments to correct:

- Reporting of fire insurance deposits in the Fire Levy Fund
- Reporting of transfer and advance activity in the General Fund and Other Governmental Funds
- Accounts payable in the Refuse Fund
- Reporting of net position classifications in Governmental Activities
- Accounts receivable in the discretely presented component Unit (Trenton Community Improvement Corporation)

We also identified a number of immaterial audit adjustments. Management elected to record a select number of those adjustments

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

Views of Responsible Officials: We will enhance our internal controls over financial reporting with steps such as additional management analysis of the financial statements

City of Trenton
Schedule of Prior Audit Findings
Year Ended December 31, 2023

2022-001 Financial Reporting

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

Status: Repeated as Finding 2023-001.

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF TRENTON

BUTLER 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 8/13/2024

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