



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF TRENTON, OHIO

BUTLER COUNTY

REGULAR AUDIT

YEAR ENDED DECEMBER 31, 2022

OHIO AUDITOR OF STATE
KEITH FABER



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City Council
City of Trenton
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We have reviewed the *Independent Auditor's Report* of the City of Trenton, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2022 through December 31, 2022. 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

August 15, 2023

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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, Ohio ("the City"), as of and for the year ended December 31, 2022, 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, 2022, 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 27, 2023 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 27, 2023

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2022. 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 2022 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, 2022, by \$30,662,969 (net position). This amount was reduced by the City's reporting of \$5,681,987 of GASB 68 and GASB 75 adjustments in the governmental and business-type activities.
- ❑ The City's net position increased by \$4,624,595, which represents an 18% increase from the 2021 net position. The increase was split across the governmental (64%) and business type activities (36%).
- ❑ At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$11,665,060. Of this amount \$5,878,188 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 \$5,878,188, or 195% of total General Fund expenditures.
- ❑ The City's major enterprise funds reflected positive ending net positions: Water Fund \$7,192,719; Sewer Fund \$5,559,976; and Refuse Fund \$637,219.

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 2022?" 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, 2022
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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, 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, 2022
(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 \$30,662,969 (\$16,899,729 in governmental activities and \$13,763,240 in business-type activities) as of December 31, 2022. 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 \$11,468,455. 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 2022 compared to 2021.

	Governmental Activities		Business-Type Activities		Total	
	Restated		2022	2021	2022	Restated 2021
	2022	2021				
Current and Other Assets	\$18,863,195	\$18,202,770	\$10,827,602	\$12,334,637	\$29,690,797	\$30,537,407
Noncurrent Assets	234,551	131,922	263,438	130,505	497,989	262,427
Capital Assets	10,699,479	10,078,168	12,209,358	11,730,207	22,908,837	21,808,375
Total Assets	29,797,225	28,412,860	23,300,398	24,195,349	53,097,623	52,608,209
Deferred Outflows	1,773,885	1,485,088	517,514	546,000	2,291,399	2,031,088
Total Assets and Deferred Outflows	31,571,110	29,897,948	23,817,912	24,741,349	55,389,022	54,639,297
Long-term liabilities	6,808,432	7,677,546	5,205,789	6,573,604	12,014,221	14,251,150
Other liabilities	2,643,143	4,001,561	3,782,178	5,125,291	6,425,321	9,126,852
Total Liabilities	9,451,575	11,679,107	8,987,967	11,698,895	18,439,542	23,378,002
Deferred Inflows	5,219,806	4,265,883	1,066,705	957,038	6,286,511	5,222,921
Total Liabilities and Deferred Inflows	14,671,381	15,944,990	10,054,672	12,655,933	24,634,231	28,600,923
Net Position:						
Net Investment in						
Capital Assets	6,324,098	4,820,441	5,144,357	2,237,768	11,468,455	7,058,209
Restricted	5,597,440	6,278,374	0	0	5,597,440	6,278,374
Unrestricted	4,978,191	2,854,143	8,618,883	9,847,648	13,597,074	12,701,791
Total Net Position	\$16,889,729	\$13,952,958	\$13,763,240	\$12,085,416	\$30,662,969	\$26,038,374

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 asset/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 asset/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 \$5,597,440 or 18.25% of net position. The remaining unrestricted \$13,597,074 net position may be used to meet the City's ongoing obligations to its citizens and creditors and for business-type activities.

During 2022, the City saw the total assets for the City increase \$489,414 as the City saw the actual cash balance decrease by over \$1.7 million as the City paid down outstanding notes payables across all funds. The City saw its capital assets increase by over \$1.1 million during the year as the City completed several infrastructure projects during the year. The City saw due from other governments increase \$634,613 with different grant projects in both governmental and business type activities. The income tax receivable increased \$212,101 with the continued updates in the income tax department with the collection process.

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The City saw total long term liabilities decrease by over \$2.2 million while the total other liabilities decreased over \$2.7 million. The main reason for the decrease in other liabilities was the short-term notes payable being paid down over \$2 million. The long term liabilities decreased as the City paid down the outstanding bonds and loans but also saw the net pension liability and OPEB liability drop almost \$1.2 million during the year with changes in the retirement system overall balances. Overall, the net position for the City increased by 18% because of some of the changes listed above. The business-type activities realized 36% of total net position increase during the year as all four activities increased by almost \$1.7 million for the year from operating activities. Table 2 provides a summary of the City's statement of activities for 2022 compared to 2021.

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$976,183	\$1,127,049	\$5,999,610	\$6,154,971	\$6,975,793	\$7,282,020
Operating Grants and Contributions	2,331,444	1,105,320	0	0	2,331,444	1,105,320
Capital Grants and Contributions	358,468	0	263,092	5,180,710	621,560	5,180,710
General Revenues:						
Income Taxes	3,769,243	3,009,219	0	0	3,769,243	3,009,219
Property Taxes	2,376,081	2,248,828	0	0	2,376,081	2,248,828
Other Taxes	687,954	617,731	0	0	687,954	617,731
Unrestricted Grants	473,430	499,361	0	0	473,430	499,361
Investment Earnings	86,867	(5,954)	60,575	13,877	147,442	7,923
Other Revenues	127,645	15,088	0	0	127,645	15,088
Total Revenues	11,187,315	8,616,642	6,323,277	11,349,558	17,510,592	19,966,200
Expenses:						
Security of Persons and Property	5,060,645	3,956,751	0	0	5,060,645	3,956,751
Public Health and Welfare	100,335	191,659	0	0	100,335	191,659
Leisure Time Activities	273,837	61,582	0	0	273,837	61,582
Community Environment	356,300	422,058	0	0	356,300	422,058
Transportation	682,539	826,784	0	0	682,539	826,784
General Government	941,281	421,848	0	0	941,281	421,848
Other	744,457	188,784	0	0	744,457	188,784
Interest and Fiscal Charges	101,150	88,352	0	0	101,150	88,352
Water	0	0	1,826,324	1,987,104	1,826,324	1,987,104
Sewer	0	0	1,498,173	1,129,175	1,498,173	1,129,175
Stormwater Management	0	0	320,043	254,865	320,043	254,865
Refuse	0	0	980,913	1,229,858	980,913	1,229,858
Total Expenses	8,260,544	6,157,818	4,625,453	4,601,002	12,885,997	10,758,820
Transfers	20,000	9,000	(20,000)	(9,000)	0	0
Intra-Entity Transfers with CIC	0	0	0	(3,550,311)	0	(3,550,311)
Change in Net Position	2,946,771	2,467,824	1,677,824	3,189,245	4,624,595	5,657,069
Beginning Net Position	13,392,294	10,924,470	12,085,416	8,896,171	25,477,710	19,820,641
Restatement	560,664	0	0	0	560,664	0
Ending Net Position	\$16,899,729	\$13,392,294	\$13,763,240	\$12,085,416	\$30,662,969	\$25,477,710

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
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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 2022, the expenses were \$5.06 million, representing 61.26% (compared to 64.26% for 2021) of governmental activity spending, yielding a reliance on general revenues to fund the program of approximately \$3.1 million after direct support to their programs. The function was higher in 2022 as the City used American Recovery Rescue program funds to provide additional resources to the various programs falling under this function.

Of the other functions, general government and other expenses saw increases of \$0.52 million and \$0.56 million respectively. The general government was lower in 2021 with the adjustments to the net OPEB liability that brought the expenses down. For other expenses, the City paid for certain contracted services from the special appropriations area in the function compared to nothing in the prior year.

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 14.69%. The stormwater management fund (nonmajor) relied on the beginning net position to cover the operating deficit for the year.

The business-type activities saw the charges for services decrease by 2.5% with the impact of current and prior year receivables. The operating expenses for the funds increased 2.2% as the City reported a negative OPEB expense in fiscal year 2021.

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, 2022
(UNAUDITED)

As of the end of 2022, the City's governmental funds reported combined ending fund balances of \$11.67 million (up from \$9.97 million in 2021). The increase can be attributed to the increases in income tax and grant revenues by \$0.58 million. The City also reduced the notes payable by \$0.78 million. Approximately \$5.88 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, 2022, the unassigned General Fund balance was \$5.88 million with a total fund balance of \$6.17 million. As a measure of liquidity, it is often useful to compare these numbers to total General Fund expenditures. Unassigned fund balance represents approximately 195% of the total expenditures, while total fund balance represents 205% of that same amount.

During 2022, the City's General Fund ending balance increased by \$1.48 million even though \$0.96 million was transferred out to other funds, specifically \$0.90 million to the Police Levy Fund.

The City's other major governmental funds are the Street, Police Levy, Fire Levy and Tax Increment Equivalent. The Street Fund recognized almost \$1.1 million in expenditures that kept it as a major fund but also resulted in the fund balance increasing the negative balance. The Police Levy Fund saw property tax collections of \$0.95 million but needed \$0.90 million from the General Fund to cover operating expenditures of almost \$1.6 million. The fund balance did increase \$0.51 million.

The Fire Levy Fund's main source of revenue is property tax which is 59.09% of all revenues and the EMS charges account for 23.70% of revenues. The fund balance decreased by \$0.21 million as the fund spent over \$1.45 million.

The Tax Increment Equivalent fund receives the majority of revenue from tax incremental revenue on three residential incentive districts (97.63%).

The City saw the fund balance in the nonmajor funds decrease by \$0.29 million, with General Fund transfers of \$62,500 into the capital improvement and property rehab nonmajor funds to help offset the negative cash flow. The permissive tax revenues of \$94,657 helped fund future capital improvement needs but there was \$338,248 in expenditures compared to no expenditures in the fund during 2021.

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.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

During the course of 2022, 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 2022:

Description	Original Budget	Final Budget	Change
Revenues:			
Property and Other Taxes	\$575,000	\$575,000	\$0
Income Taxes	3,116,000	3,116,000	0
Intergovernmental	608,888	608,888	0
Other	553,465	553,465	0
Total Revenues	<u>4,853,353</u>	<u>4,853,353</u>	<u>0</u>
Expenditures:			
Security of Persons/Property	626,616	626,616	0
Public Health and Welfare	109,940	109,940	0
Community Environment	386,097	386,097	0
General Government	820,915	820,915	0
Other Expenditures	365,238	365,238	0
Total Expenditures	<u>\$2,308,806</u>	<u>\$2,308,806</u>	<u>\$0</u>

The City did not amend the original revenue budget. For expenditures, the City's only amendment was to the transfers out which is not presented above. The City did not amend the expenditure line items during the year.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

The following table summarizes the major revenue sources and expenditures from final budget to actual results for 2022:

Description	Final Budget	Actual	Change
Revenues:			
Property and Other Taxes	\$575,000	\$703,343	\$128,343
Income Taxes	3,116,000	3,621,569	505,569
Intergovernmental Revenue	608,888	323,810	(285,078)
Other Revenues	553,465	748,878	195,413
Total Revenues	<u>4,853,353</u>	<u>5,397,600</u>	<u>544,247</u>
Expenditures:			
Security of Persons/Property	626,616	563,349	63,267
Public Health and Welfare	109,940	134,816	(24,876)
Community Environment	386,097	387,171	(1,074)
General Government	820,915	952,789	(131,874)
Other Expenditures	365,238	448,233	(82,995)
Total Expenditures	<u>\$2,308,806</u>	<u>\$2,486,358</u>	<u>(\$177,552)</u>

The City's final revenues were 11.2% 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 is lower than expected because of state funding calculations. 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 7.6% over 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, 2022, amounts to \$11.47 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 2022. The City received several grants that helped provide for governmental capital asset acquisition and construction. The City saw governmental-type activities capital assets add \$1.16 million with the construction projects but current year depreciation reduced the total almost \$0.55 million. The largest increase related to several infrastructure projects completed during the year. The City also had grant funding for improvements in the utility funds for \$0.26 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, 2022
(UNAUDITED)

Long-term Debt: At the end of 2022, the City had \$4.52 million in revenue bonds outstanding on the refunding water system improvements bonds and \$2.39 million in general obligation bonds for the fire station project. The City ended the year with \$4.45 million of bond anticipation notes for various projects compared to \$7.35 million in fiscal year 2021. 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. The City's full accrual income tax revenue increased about \$760,000 from 2021 (after increasing \$881,000 between 2021 and 2020). The income tax covers the general fund functions of the City by 146% (cash basis). This excess allows a significant amount of the general fund revenue to be transferred to the Police Levy fund 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, 2022

	Governmental	Business-Type	Total	Component Unit
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 13,519,482	\$ 9,563,051	\$ 23,082,533	\$ 22,054
Receivables (net of allowance for doubtful accounts):				
Taxes - Real and Personal Property	2,382,554	-	2,382,554	-
Taxes - Municipal Income	1,202,096	-	1,202,096	-
Accounts	59,790	1,001,459	1,061,249	-
Interest	82,302	-	82,302	-
Loans	-	-	-	48,602
Leases	91,822	-	91,822	-
Payment in Lieu of Taxes	513,531	-	513,531	-
Due from Other Governments	1,011,618	263,092	1,274,710	-
Prepaid Bond Insurance	-	29,075	29,075	-
Net OPEB Asset	234,551	234,363	468,914	-
Nondepreciable Assets:				
Land	646,739	3,757,586	4,404,325	-
Construction In Progress	76,260	224,648	300,908	-
Depreciable Assets:				
Plant	-	5,643,568	5,643,568	-
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	1,427,566	6,179,669	-
Machinery, Equipment and Vehicles	5,994,682	2,967,167	8,961,849	-
Less: Accumulated Depreciation	(5,857,225)	(7,672,899)	(13,530,124)	-
Total Assets	29,797,225	23,300,398	53,097,623	70,656
Deferred Outflows of Resources:				
Pensions	1,339,663	290,556	1,630,219	-
OPEB	434,222	15,314	449,536	-
Deferred Charge on Refunding	-	211,644	211,644	-
Total Deferred Outflows of Resources	1,773,885	517,514	2,291,399	-
Liabilities:				
Accounts Payable	291,485	94,666	386,151	-
Contracts Payable	-	80,325	80,325	-
Accrued Wages and Benefits	193,842	62,740	256,582	-
Due to Other Governments	10,728	366,470	377,198	-
Deposits Payable	-	231,577	231,577	-
Accrued Interest Payable	24,373	23,467	47,840	-
General Obligation Notes Payable	1,950,000	2,500,000	4,450,000	-
Long Term Liabilities due within 1 year	172,715	422,933	595,648	-
Long Term Liabilities due over 1 year				
Net Pension Liabilities	3,678,071	673,360	4,351,431	-
Net OPEB Liabilities	527,070	-	527,070	-
Other Long Term Liabilities	2,603,291	4,532,429	7,135,720	-
Total Liabilities	9,451,575	8,987,967	18,439,542	-
Deferred Inflows of Resources:				
Pensions	1,831,541	824,485	2,656,026	-
OPEB	426,909	242,220	669,129	-
Leases	91,822	-	91,822	-
Payments in Lieu of Taxes	513,531	-	513,531	-
Property Tax Levy for Next Fiscal Year	2,356,003	-	2,356,003	-
Total Deferred Inflows of Resources	5,219,806	1,066,705	6,286,511	-
Net Position:				
Net Investment in Capital Assets	6,324,098	5,144,357	11,468,455	-
Restricted:				
Grants	-	-	-	48,602
Transportation	206,854	-	206,854	-
Protection of Citizens	3,054,255	-	3,054,255	-
Debt Service	10,511	-	10,511	-
Capital Improvements	2,325,820	-	2,325,820	-
Unrestricted	4,978,191	8,618,883	13,597,074	22,054
Total Net Position	\$ 16,899,729	\$ 13,763,240	\$ 30,662,969	\$ 70,656

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Function/Programs	Expenses	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	
Governmental Activities:							
Security of Persons and Property	\$ (5,060,645)	\$ 534,055	\$ 1,406,436	\$ -	\$ (3,120,154)	\$ -	\$ -
Public Health and Welfare	(100,335)	-	-	-	(100,335)	-	(100,335)
Leisure Time Activities	(273,837)	84,593	-	-	(189,244)	-	(189,244)
Community Environment	(356,300)	159,967	-	-	(196,333)	-	(196,333)
Transportation	(682,539)	15,537	925,008	358,468	616,474	-	616,474
General Government	(941,281)	71,591	-	-	(869,690)	-	(869,690)
Other Expenditures	(744,457)	110,440	-	-	(634,017)	-	(634,017)
Interest and Fiscal Charges	(101,150)	-	-	-	(101,150)	-	(101,150)
Total Governmental Activities	<u>(8,260,544)</u>	<u>976,183</u>	<u>2,331,444</u>	<u>358,468</u>	<u>(4,594,449)</u>	<u>-</u>	<u>(4,594,449)</u>
Business-Type Activities:							
Water	(1,826,324)	2,623,639	-	263,092	-	1,060,407	-
Sewer	(1,498,173)	1,870,049	-	-	-	371,876	-
Stormwater Management	(320,043)	282,145	-	-	-	(37,898)	-
Refuse	(980,913)	1,223,777	-	-	-	242,864	-
Total Business-Type Activities	<u>(4,625,453)</u>	<u>5,999,610</u>	<u>-</u>	<u>263,092</u>	<u>-</u>	<u>1,637,249</u>	<u>-</u>
Total	<u>\$ (12,885,997)</u>	<u>\$ 6,975,793</u>	<u>\$ 2,331,444</u>	<u>\$ 621,560</u>	<u>(4,594,449)</u>	<u>1,637,249</u>	<u>(2,957,200)</u>
General Revenues and Transfers:							
Income Taxes							
Property Taxes					3,769,243	-	3,769,243
Franchise Fee Taxes					2,376,081	-	2,376,081
Payment in Lieu of Taxes					117,922	-	117,922
Permissive Sales Tax					470,427	-	470,427
Grants and Contributions not restricted to specific programs					99,605	-	99,605
Unrestricted investment earnings					473,430	-	473,430
Miscellaneous					86,867	60,575	147,442
Total General Revenues					127,645	-	127,645
Transfers					7,521,220	60,575	7,581,795
Changes in Net Position					20,000	(20,000)	-
Net Position - Beginning - Restated					2,946,771	1,677,824	4,624,595
Net Position - Ending					13,952,958	12,085,416	26,038,374
					<u>\$ 16,899,729</u>	<u>\$ 13,763,240</u>	<u>\$ 30,662,969</u>

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Street	Police Levy	Fire Levy	Tax Increment Equivalent	Other Governmental Funds	Total Governmental Funds
Assets:							
Equity in Pooled Cash and Cash Equivalents	\$ 5,959,027	\$ 1,177,780	\$ 1,959,981	\$ 1,603,772	\$ 2,302,942	\$ 515,980	\$ 13,519,482
Receivables (net of allowance for doubtful accounts):							
Taxes - Real and Personal Property	700,704	-	949,471	732,379	-	-	2,382,554
Taxes - Municipal Income	1,202,096	-	-	-	-	-	1,202,096
Accounts	30,208	3,200	-	26,382	-	-	59,790
Interest	82,302	-	-	-	-	-	82,302
Leases	91,822	-	-	-	-	-	91,822
Payment in Lieu of Taxes	-	-	-	-	513,531	-	513,531
Due from Other Governments	515,865	378,654	13,250	52,838	-	51,011	1,011,618
Total Assets	8,582,024	1,559,634	2,922,702	2,415,371	2,816,473	566,991	18,863,195
Liabilities:							
Accounts Payable	238,671	9,868	35,578	6,318	-	1,050	291,485
Accrued Wages and Benefits	50,292	2,922	110,524	30,104	-	-	193,842
Due to Other Governments	5,658	-	5,070	-	-	-	10,728
Accrued Interest Payable	-	17,524	-	1,178	-	-	18,702
General Obligation Notes Payable	-	1,750,000	-	200,000	-	-	1,950,000
Total Liabilities	294,621	1,780,314	151,172	237,600	-	1,050	2,464,757
Deferred Inflows of Resources:							
Property Tax Levy for Next Fiscal Year	692,755	-	938,947	724,301	-	-	2,356,003
Delinquent Property Tax	7,949	-	10,524	8,078	-	-	26,551
Payments in Lieu of Taxes Levied for Next Fiscal Year	-	-	-	-	513,531	-	513,531
Income Taxes	902,096	-	-	-	-	-	902,096
Intergovernmental Revenue	390,633	317,769	8,806	52,838	-	44,513	814,559
Leases	91,822	-	-	-	-	-	91,822
Miscellaneous Revenues	28,816	-	-	-	-	-	28,816
Total Deferred Inflows of Resources:	2,114,071	317,769	958,277	785,217	513,531	44,513	4,733,378
Fund Balances:							
Nonspendable	3,779	-	-	-	-	-	3,779
Restricted	3,390	-	1,813,253	1,392,554	2,302,942	271,138	5,783,277
Assigned	287,975	-	-	-	-	250,290	538,265
Unassigned	5,878,188	(538,449)	-	-	-	-	5,339,739
Total Fund Balances	6,173,332	(538,449)	1,813,253	1,392,554	2,302,942	521,428	11,665,060
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,582,024	\$ 1,559,634	\$ 2,922,702	\$ 2,415,371	\$ 2,816,473	\$ 566,991	\$ 18,863,195

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, 2022**

Fund Balances - Governmental Funds		\$ 11,665,060
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.		10,699,479
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows in the funds.		1,772,022
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	1,773,885	
Deferred Inflows - Pension/OPEB	(2,258,450)	
Net Pension/OPEB Liabilities/Asset	<u>(3,970,590)</u>	
Total		(4,455,155)
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>(2,781,677)</u>
Net Position of governmental activities		<u><u>\$ 16,899,729</u></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, 2022

	General	Street	Police Levy	Fire Levy	Tax Increment Equivalent	Other Governmental Funds	Total Governmental Funds
Revenues:							
Income Taxes	\$ 3,584,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,584,592
Property and Other Taxes	703,343	-	950,877	732,905	-	-	2,387,125
Intergovernmental	424,500	917,949	25,074	121,124	-	1,476,686	2,965,333
Charges for Services	1,200	-	-	293,901	-	-	295,101
Licenses and Permits	334,666	-	-	-	-	-	334,666
Investment Earnings	55,012	3,824	9,359	6,854	11,400	418	86,867
Special Assessments	109,728	-	-	-	-	-	109,728
Fines and Forfeitures	72,362	-	64,212	-	-	3,409	139,983
Payment in Lieu of Taxes	-	-	-	-	470,427	-	470,427
All Other Revenues	135,558	30,940	134,966	85,546	-	7,766	394,776
Total Revenues	5,420,961	952,713	1,184,488	1,240,330	481,827	1,488,279	10,768,598
Expenditures:							
Current:							
Security of Persons and Property	532,677	-	1,562,671	1,316,445	-	1,394,784	4,806,577
Public Health and Welfare	111,536	-	-	-	-	-	111,536
Leisure Time Activities	399,701	-	-	-	-	-	399,701
Community Environment	384,026	-	-	-	-	-	384,026
Transportation	-	1,051,164	-	-	-	-	1,051,164
General Government	909,093	-	-	-	366	5,000	914,459
Other	591,135	-	-	-	141,129	12,193	744,457
Capital Outlay	81,247	-	-	-	-	433,038	514,285
Debt Service:							
Principal Retirement	-	8,846	-	60,000	-	-	68,846
Interest and Fiscal Charges	1,609	24,540	1,287	73,814	-	-	101,250
Total Expenditures	3,011,024	1,084,550	1,563,958	1,450,259	141,495	1,845,015	9,096,301
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,409,937	(131,837)	(379,470)	(209,929)	340,332	(356,736)	1,672,297
Other Financing Sources (Uses):							
Transfers - In	30,500	-	900,000	-	-	62,500	993,000
Transfers - Out	(962,500)	(1,500)	(9,000)	-	-	-	(973,000)
Total Other Financing Sources (Uses)	(932,000)	(1,500)	891,000	-	-	62,500	20,000
Change in Fund Balance	1,477,937	(133,337)	511,530	(209,929)	340,332	(294,236)	1,692,297
Fund Balances (Deficit) at Beginning of Year	4,695,395	(405,112)	1,301,723	1,602,483	1,962,610	815,664	9,972,763
Fund Balances (Deficit) at End of Year	<u>\$ 6,173,332</u>	<u>\$ (538,449)</u>	<u>\$ 1,813,253</u>	<u>\$ 1,392,554</u>	<u>\$ 2,302,942</u>	<u>\$ 521,428</u>	<u>\$ 11,665,060</u>

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, 2022

Net Change in Fund Balances - total governmental funds	\$ 1,692,297
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.	621,311
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	418,717
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	68,946
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	571,538
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.	(445,132)
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>19,094</u>
Change in net position of governmental activities	<u>\$ 2,946,771</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, 2022

GENERAL FUND

	Budget		Actual	Variance Postive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 575,000	\$ 575,000	\$ 703,343	\$ 128,343
Income Taxes	3,116,000	3,116,000	3,621,569	505,569
Intergovernmental	608,888	608,888	323,810	(285,078)
Licenses and Permits	292,651	292,651	290,866	(1,785)
Investment Earnings	53,000	53,000	165,242	112,242
Special Assessments	101,300	101,300	109,728	8,428
Fines and Forfeitures	67,000	67,000	71,649	4,649
Other All Revenue	39,514	39,514	111,393	71,879
	<u>4,853,353</u>	<u>4,853,353</u>	<u>5,397,600</u>	<u>544,247</u>
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	626,616	626,616	563,349	63,267
Public Health and Welfare Services	109,940	109,940	134,816	(24,876)
Community Environment	386,097	386,097	387,171	(1,074)
General Government	820,915	820,915	952,789	(131,874)
Other	365,238	365,238	448,233	(82,995)
	<u>2,308,806</u>	<u>2,308,806</u>	<u>2,486,358</u>	<u>(177,552)</u>
Total Expenditures	<u>2,308,806</u>	<u>2,308,806</u>	<u>2,486,358</u>	<u>(177,552)</u>
Excess of Revenues Over Expenditures	2,544,547	2,544,547	2,911,242	366,695
<u>Other Financing Sources (Uses):</u>				
Income Tax Refunds	-	-	(64,427)	(64,427)
Transfers - In	-	-	43,500	43,500
Transfers - Out	(2,025,500)	(1,125,500)	(1,100,807)	24,693
	<u>(2,025,500)</u>	<u>(1,125,500)</u>	<u>(1,121,734)</u>	<u>3,766</u>
Total Other Financing Sources (Uses)	<u>(2,025,500)</u>	<u>(1,125,500)</u>	<u>(1,121,734)</u>	<u>3,766</u>
Change in Net Position	519,047	1,419,047	1,789,508	370,461
Fund Balances at Beginning of Year	3,954,290	3,954,290	3,954,290	-
Prior Year Encumbrances	152,551	152,551	152,551	-
	<u>4,625,888</u>	<u>5,525,888</u>	<u>5,896,349</u>	<u>370,461</u>
Fund Balances at End of Year	<u>\$ 4,625,888</u>	<u>\$ 5,525,888</u>	<u>\$ 5,896,349</u>	<u>\$ 370,461</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, 2022

STREET FUND

	Budget		Actual	Variance Postive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 713,630	\$ 713,630	\$ 916,008	\$ 202,378
Investment Earnings	1,960	1,960	3,824	1,864
Other All Revenue	28,840	28,840	27,740	(1,100)
Total Revenue	744,430	744,430	947,572	203,142
<u>Expenditures:</u>				
Current:				
Transportation	1,446,774	2,318,774	1,377,483	941,291
Debt Service:				
Principal Retirement	1,796,346	1,796,346	1,796,346	-
Interest and Fiscal Charges	470	470	15,270	(14,800)
Total Expenditures	3,243,590	4,115,590	3,189,099	926,491
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,499,160)	(3,371,160)	(2,241,527)	1,129,633
<u>Other Financing Sources (Uses):</u>				
Proceeds of Notes	1,768,250	1,768,250	1,750,000	(18,250)
Transfers - Out	(1,500)	(1,500)	(1,500)	-
Total Other Financing Sources (Uses)	1,766,750	1,766,750	1,748,500	(18,250)
Change in Net Position	(732,410)	(1,604,410)	(493,027)	1,111,383
Fund Balances at Beginning of Year	922,159	922,159	922,159	-
Prior Year Encumbrances	643,432	643,432	643,432	-
Fund Balances at End of Year	\$ 833,181	\$ (38,819)	\$ 1,072,564	\$ 1,111,383

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, 2022

POLICE LEVY FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 830,000	\$ 830,000	\$ 950,877	\$ 120,877
Intergovernmental	116,000	116,000	25,560	(90,440)
Investment Earnings	1,200	1,200	9,359	8,159
Fines and Forfeitures	55,680	55,680	64,212	8,532
Other All Revenue	169,520	169,520	134,966	(34,554)
	<u>1,172,400</u>	<u>1,172,400</u>	<u>1,184,974</u>	<u>12,574</u>
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	3,146,152	2,446,152	1,669,108	777,044
Debt Service:				
Principal Retirement	200,000	200,000	200,000	-
Interest and Fiscal Charges	2,500	2,500	1,500	1,000
	<u>3,348,652</u>	<u>2,648,652</u>	<u>1,870,608</u>	<u>778,044</u>
(Deficiency) of Revenues (Under) Expenditures	(2,176,252)	(1,476,252)	(685,634)	790,618
<u>Other Financing Sources (Uses):</u>				
Proceeds of Notes	101,000	101,000	-	(101,000)
Transfers - In	1,800,000	1,800,000	900,000	(900,000)
Transfers - Out	(9,000)	(9,000)	(15,389)	(6,389)
	<u>1,892,000</u>	<u>1,892,000</u>	<u>884,611</u>	<u>(1,007,389)</u>
Change in Net Position	(284,252)	415,748	198,977	(216,771)
Fund Balances at Beginning of Year	1,470,084	1,470,084	1,470,084	-
Prior Year Encumbrances	108,937	108,937	108,937	-
	<u>\$ 1,294,769</u>	<u>\$ 1,994,769</u>	<u>\$ 1,777,998</u>	<u>\$ (216,771)</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, 2022

FIRE LEVY FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 720,000	\$ 720,000	\$ 732,905	\$ 12,905
Intergovernmental	275,830	275,830	124,819	(151,011)
Charges for Services	223,120	223,120	288,346	65,226
Investment Earnings	3,380	3,380	6,854	3,474
Other All Revenue	93,500	93,500	57,546	(35,954)
	<u>1,315,830</u>	<u>1,315,830</u>	<u>1,210,470</u>	<u>(105,360)</u>
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	1,413,141	1,605,300	1,346,495	258,805
Debt Service:				
Principal Retirement	526,000	526,000	-	526,000
Interest and Fiscal Charges	5,900	5,900	-	5,900
	<u>1,945,041</u>	<u>2,137,200</u>	<u>1,346,495</u>	<u>790,705</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(629,211)	(821,370)	(136,025)	685,345
<u>Other Financing Sources (Uses):</u>				
Proceeds of Notes	438,000	438,000	-	(438,000)
Transfers - Out	(130,000)	(130,000)	(90,000)	40,000
	<u>308,000</u>	<u>308,000</u>	<u>(90,000)</u>	<u>(398,000)</u>
Change in Net Position	(321,211)	(513,370)	(226,025)	287,345
Fund Balances at Beginning of Year	761,595	761,595	761,595	-
Prior Year Encumbrances	231,738	231,738	231,738	-
Fund Balances at End of Year	<u>\$ 672,122</u>	<u>\$ 479,963</u>	<u>\$ 767,308</u>	<u>\$ 287,345</u>

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2022**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Assets:					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 3,455,041	\$ 5,130,796	\$ 575,430	\$ 401,784	\$ 9,563,051
Receivables (net of allowances for doubtful accounts)					
Accounts	387,395	335,767	221,985	56,312	1,001,459
Due from Other Governments	263,092	-	-	-	263,092
Total Current Assets	<u>4,105,528</u>	<u>5,466,563</u>	<u>797,415</u>	<u>458,096</u>	<u>10,827,602</u>
<i>Noncurrent Assets:</i>					
Net OPEB Asset	115,025	72,588	36,950	9,800	234,363
Prepaid Bond Insurance	29,075	-	-	-	29,075
Total Noncurrent Assets	<u>144,100</u>	<u>72,588</u>	<u>36,950</u>	<u>9,800</u>	<u>263,438</u>
<i>Nondepreciable Capital Assets:</i>					
Land	3,757,586	-	-	-	3,757,586
Construction in Progress	122,029	102,619	-	-	224,648
<i>Depreciable Capital Assets:</i>					
Plant					
Water and Sewer Lines	5,499,590	71,989	71,989	-	5,643,568
Improvements Other than Buildings	3,416,736	2,444,986	-	-	5,861,722
Machinery, Equipment and Vehicles	1,186,019	94,470	-	147,077	1,427,566
Less: Accumulated Depreciation	1,702,448	741,509	202,984	320,226	2,967,167
Total Capital Assets (net of accumulated depreciation)	<u>(5,112,429)</u>	<u>(2,197,478)</u>	<u>(109,267)</u>	<u>(253,725)</u>	<u>(7,672,899)</u>
Total Noncurrent Assets	<u>10,571,979</u>	<u>1,258,095</u>	<u>165,706</u>	<u>213,578</u>	<u>12,209,358</u>
Total Assets	<u>10,716,079</u>	<u>1,330,683</u>	<u>202,656</u>	<u>223,378</u>	<u>12,472,796</u>
	<u>14,821,607</u>	<u>6,797,246</u>	<u>1,000,071</u>	<u>681,474</u>	<u>23,300,398</u>
Deferred Outflows of Resources:					
Pensions	142,604	89,992	45,810	12,150	290,556
OPEB	7,516	4,743	2,415	640	15,314
Deferred Charge on Refunding	211,644	-	-	-	211,644
Total Deferred Outflows of Resources	<u>361,764</u>	<u>94,735</u>	<u>48,225</u>	<u>12,790</u>	<u>517,514</u>

**CITY OF TRENTON, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2022**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	\$ 35,090	\$ 52,966	\$ 4,534	\$ 2,076	\$ 94,666
Contracts Payable	-	-	80,325	-	80,325
Accrued Wages and Benefits	23,640	23,640	15,460	-	62,740
Due to Other Governments	660	365,810	-	-	366,470
Deposits Payable	-	-	-	231,577	231,577
Accrued Interest Payable	23,467	-	-	-	23,467
Notes Payable	2,500,000	-	-	-	2,500,000
Compensated Absences Payable - Current	23,411	16,116	4,492	11,264	55,283
OPWC Loans Payable - Current	-	42,650	-	-	42,650
Revenue Bonds Payable - Current	325,000	-	-	-	325,000
Total Current Liabilities	<u>2,931,268</u>	<u>501,182</u>	<u>104,811</u>	<u>244,917</u>	<u>3,782,178</u>
<i>Noncurrent Liabilities:</i>					
Compensated Absences Payable	52,272	35,983	31,922	3,257	123,434
OPWC Loans Payable	-	255,900	-	-	255,900
Refunded Revenue Bonds Payable	4,153,095	-	-	-	4,153,095
Net Pension Liability	330,482	208,556	106,164	28,158	673,360
Total Noncurrent Liabilities	<u>4,535,849</u>	<u>500,439</u>	<u>138,086</u>	<u>31,415</u>	<u>5,205,789</u>
Total Liabilities	<u>7,467,117</u>	<u>1,001,621</u>	<u>242,897</u>	<u>276,332</u>	<u>8,987,967</u>
Deferred Inflows of Resources:					
OPEB	118,881	75,021	38,189	10,129	242,220
Pensions	404,654	255,363	129,991	34,477	824,485
Total Deferred Inflows of Resources	<u>523,535</u>	<u>330,384</u>	<u>168,180</u>	<u>44,606</u>	<u>1,066,705</u>
Net Position:					
Net Investment in Capital Assets	3,805,528	959,545	165,706	213,578	5,144,357
Unrestricted	3,387,191	4,600,431	471,513	159,748	8,618,883
Total Net Position	<u>\$ 7,192,719</u>	<u>\$ 5,559,976</u>	<u>\$ 637,219</u>	<u>\$ 373,326</u>	<u>\$ 13,763,240</u>

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, 2022

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS				
	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
<u>Operating Revenues:</u>					
Charges for Services	\$ 2,605,466	\$ 1,862,442	\$ 1,218,496	\$ 281,365	\$ 5,967,769
Other Operating Revenues	18,173	7,607	5,281	780	31,841
Total Operating Revenues	<u>2,623,639</u>	<u>1,870,049</u>	<u>1,223,777</u>	<u>282,145</u>	<u>5,999,610</u>
<u>Operating Expenses:</u>					
Personal Services	622,952	337,238	86,663	50,443	1,097,296
Materials and Supplies	351,351	88,779	22,264	7,650	470,044
Contractual Services	186,059	926,692	806,971	221,013	2,140,735
Other Operating Expenses	192,288	64,903	47,664	13,237	318,092
Depreciation	276,702	79,530	17,070	27,700	401,002
Total Operating Expenses	<u>1,629,352</u>	<u>1,497,142</u>	<u>980,632</u>	<u>320,043</u>	<u>4,427,169</u>
Operating Income (Loss)	994,287	372,907	243,145	(37,898)	1,572,441
<u>Non-Operating Revenues (Expenses):</u>					
Investment Earnings	33,888	25,556	-	1,131	60,575
Grants	263,092	-	-	-	263,092
Interest and Fiscal Charges	(196,972)	(1,031)	(281)	-	(198,284)
Total Non-Operating Revenues (Expenses)	<u>100,008</u>	<u>24,525</u>	<u>(281)</u>	<u>1,131</u>	<u>125,383</u>
Income (Loss) Before Transfers	1,094,295	397,432	242,864	(36,767)	1,697,824
Transfers Out	<u>(4,000)</u>	<u>(12,000)</u>	<u>(4,000)</u>	<u>-</u>	<u>(20,000)</u>
Change in Net Position	1,090,295	385,432	238,864	(36,767)	1,677,824
Total net position - Beginning	6,102,424	5,174,544	398,355	410,093	12,085,416
Total net position - Ending	<u>\$ 7,192,719</u>	<u>\$ 5,559,976</u>	<u>\$ 637,219</u>	<u>\$ 373,326</u>	<u>\$ 13,763,240</u>

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	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	\$ 2,545,335	\$ 1,803,276	\$ 1,183,080	\$ 253,516	\$ 5,785,207
Cash Paid for Employee Services and Benefits	(813,737)	(513,624)	(276,133)	(67,928)	(1,671,422)
Cash Paid to Suppliers for Goods and Services	(531,406)	(686,168)	(844,857)	(229,578)	(2,292,009)
Other Operating Revenues	18,290	7,683	5,337	788	32,098
Other Operating Expenses	(192,394)	(64,903)	(47,664)	(13,237)	(318,198)
Net Cash Provided by (Used for) Operating Activities	<u>1,026,088</u>	<u>546,264</u>	<u>19,763</u>	<u>(56,439)</u>	<u>1,535,676</u>
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers to other funds	(4,000)	(12,000)	(4,000)	-	(20,000)
Net Cash Used for Noncapital Financing Activities	<u>(4,000)</u>	<u>(12,000)</u>	<u>(4,000)</u>	<u>-</u>	<u>(20,000)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Face Value from Sale of Notes	2,500,000	-	-	-	2,500,000
Acquisition and Construction of Capital Assets	(828,625)	(19,528)	-	-	(848,153)
Principal Paid on Notes	(4,415,500)	(137,500)	(37,500)	-	(4,590,500)
Principal Paid on Revenue Bonds	(315,000)	-	-	-	(315,000)
Principal Paid on OPWC Payable	-	(42,650)	-	-	(42,650)
Interest and Fiscal Charges Paid on All Debt	(187,806)	(2,260)	(1,036)	-	(191,102)
Net Cash Used for Capital and Related Financing Activities	<u>(3,246,931)</u>	<u>(201,938)</u>	<u>(38,536)</u>	<u>-</u>	<u>(3,487,405)</u>
<u>Cash Flows from Investing Activities:</u>					
Interest	33,888	25,556	-	1,131	60,575
Net Cash Provided By Investing Activities	<u>33,888</u>	<u>25,556</u>	<u>-</u>	<u>1,131</u>	<u>60,575</u>
Net Change in Cash and Cash Equivalents	(2,190,955)	357,882	(22,773)	(55,308)	(1,911,154)
Cash and Cash Equivalents at Beginning of Year	5,645,996	4,772,914	598,203	457,092	11,474,205
Cash and Cash Equivalents at End of Year	<u>\$ 3,455,041</u>	<u>\$ 5,130,796</u>	<u>\$ 575,430</u>	<u>\$ 401,784</u>	<u>\$ 9,563,051</u>
Net Cash Provided by (Used for) Operating Activities: Operating Income (Loss)	\$ 994,287	\$ 372,907	\$ 243,145	\$ (37,898)	\$ 1,572,441
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities:					
Depreciation Expense	276,702	79,530	17,070	27,700	401,002
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
(Increase) in Accounts Receivable	(60,014)	(59,090)	(35,360)	(18,061)	(172,525)
Increase (Decrease) in Accounts Payable	5,910	32,411	(26)	(915)	37,380
(Decrease) in Contracts Payable	-	-	(15,596)	-	(15,596)
Increase (Decrease) in Accrued Wages and Benefits	(353)	7,536	4,791	(1,604)	10,370
Increase (Decrease) in Due to Other Governments	(4,893)	293,585	(2,231)	(428)	286,033
(Decrease) in Compensated Absences Payable	(2,323)	(6,635)	(2,019)	(1,189)	(12,166)
(Decrease) in Deposits Payable	-	-	-	(9,780)	(9,780)
(Decrease) for Pension/OPEB Related Items	(183,228)	(173,980)	(190,011)	(14,264)	(561,483)
Total Adjustments	<u>31,801</u>	<u>173,357</u>	<u>(223,382)</u>	<u>(18,541)</u>	<u>(36,765)</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ 1,026,088</u>	<u>\$ 546,264</u>	<u>\$ 19,763</u>	<u>\$ (56,439)</u>	<u>\$ 1,535,676</u>

Non-cash disclosure:

The City reported construction in progress in both the Water and Sewer funds of \$16,000 that was related to accounts payable.

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2022**

	<u>Custodial Fund</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 35,219</u>
Net Position:	
Restricted For Individuals and Governments	<u>\$ 35,219</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, 2022

	<u>Custodial Fund</u>
Additions:	
Fine and Forfeitures	\$ 98,516
Deductions:	
Payments to others	77,864
Net Increase in Fiduciary Net Position	20,652
Net Position - Beginning	14,567
Net Position - Ending	\$ 35,219

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022

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.

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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.

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.

CITY OF TRENTON, OHIO
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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.

CITY OF TRENTON, OHIO
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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 2022 was \$55,012, which includes \$17,436 assigned from other funds.

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The Street, Police Levy, Fire Levy, Tax Increment Equivalent, and Motor Vehicle License Special Revenue Funds and Water, Sewer and Utility Deposit Enterprise Funds also received \$3,824; \$9,359; \$6,854; \$11,400; \$418; \$33,888; \$25,556; and \$1,131 respectively in interest during 2022.

During 2022, 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, 2022, which approximates fair value.

For 2022, 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.

- 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.

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.

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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.

Property taxes and payment in lieu of taxes for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance fiscal year 2023 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 asset/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.

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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.

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 \$10,699,479 difference are as follows:

Capital Assets	\$16,556,704
Accumulated Depreciation	(5,857,225)
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$10,699,479

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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 (\$2,781,677) difference are as follows:

Loans Payable	(\$35,381)
Bonds Payable	(2,390,000)
Accrued Interest Payable	(5,671)
Compensated Absences	(350,625)
	(350,625)
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	(\$2,781,677)

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 \$621,311 are as follows:

Current capital additions	\$1,156,287
Depreciation Expense	(534,976)
Net Adjustment – capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$621,311

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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 2022, the City implemented GASB Statement No. 87, “Leases”. GASB Statement 87 requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation of statement had no impact on the beginning net position or fund balance for the City. The City did restate the General Fund beginning assets and deferred inflows of resources by \$125,729 for leases receivable.

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	\$1,477,937	(\$133,337)	\$511,530	(\$209,929)
Adjustments:				
Revenue Accruals	(12,432)	(5,141)	486	(1,850)
Expenditure Accruals	174,736	(249,332)	(87,666)	(529,284)
Encumbrances	(280,026)	(105,217)	(18,984)	(26,147)
Principal Retirement	0	(1,750,000)	(200,000)	0
Debt Proceeds	0	1,750,000	0	0
Transfers	0	0	(6,389)	(90,000)
Fund Reclassification	429,293	0	0	631,195
Budget Basis	<u>\$1,789,508</u>	<u>(\$493,027)</u>	<u>\$198,977</u>	<u>(\$226,025)</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 \$5,673,421. As of December 31, 2022, the CIC has \$22,054 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, 2022, \$657,839 of the City's bank balance of \$6,322,079 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, 2022) 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, 2022 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	\$4,089,178	NA	\$4,089,178	\$0	AAAm	23.44%
US Treasury Notes/Bills	4,511,076	Level 1	718,848	3,792,228	N/A	25.86%
FFCB	1,138,485	Level 2	149,210	989,275	AA+	6.53%
FHLB	1,808,346	Level 2	0	1,808,346	AA+	10.37%
FHLMC	1,279,032	Level 2	955,327	323,705	AA+	7.33%
Commercial Paper	4,570,111	Level 2	4,570,111	0	AA+	26.20%
Money Market Funds	48,103	NA	48,103	0	AA+	0.27%
Total	\$17,444,331		\$10,530,777	\$6,913,554		

(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, 2022, 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 2022 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$202,585,670
Public Utility Property	17,848,510
Total Property Tax	\$220,434,180

Property taxes receivable represents real and public utility property taxes, public utility taxes and outstanding delinquencies that are measurable as of December 31, 2022. 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 2022 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 2022, the proceeds were allocated to the General Fund. Net income tax revenue for 2022 was \$3,584,592.

8. Receivables:

Receivables at December 31, 2022, 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:

<u>Fund/Description</u>	<u>Amount</u>
<u>MAJOR FUNDS</u>	
<i>General Fund:</i>	
ODOT/OPWC Grant	\$358,468
Local Government Revenue	149,199
Homestead and Rollback	8,198
Total General Fund	515,865
<i>Street Fund:</i>	
Motor Vehicle License Tax	48,011
Gas Tax	330,643
Total Street Fund	378,654
<i>Police Levy Fund:</i>	
Edgewood City Schools	4,444
Homestead and Rollback	8,806
Total Policy Levy Fund	13,250
<i>Fire Levy Fund:</i>	
Homestead and Rollback	52,838
<i>Water Fund:</i>	
OPWC Grant	263,092
<u>NONMAJOR FUND</u>	
<i>Permissive Motor Vehicle License Fund</i>	
Permissive Tax	51,011
Total for Governmental Activities	\$1,274,710

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9. Capital Assets;

Changes in Capital Assets during the year ended December 31, 2022, were as follows:

	Restated Balance 12/31/21	Increases	Decreases	Balance 12/31/22
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$646,739	\$0	\$0	\$646,739
Construction In Progress	789,947	0	(713,687)	76,260
Total Capital Assets not being depreciated	1,436,686	0	(713,687)	722,999
Capital Assets, being depreciated:				
Buildings	5,086,920	0	0	5,086,920
Improvements other than Buildings	3,490,329	1,261,774	0	4,752,103
Machinery, Equipment and Vehicles	5,395,469	608,200	(8,987)	5,994,682
Total Capital Assets being depreciated	13,972,718	1,869,974	(8,987)	15,833,705
Accumulated Depreciation:				
Buildings	(1,260,334)	(108,112)	0	(1,368,446)
Improvements other than Buildings	(531,335)	(95,316)	0	(626,651)
Machinery, Equipment and Vehicles	(3,539,567)	(331,548)	8,987	(3,862,128)
Total Accumulated Depreciation	(5,331,236)	(534,976)	8,987	(5,857,225)
Net Capital Assets, being depreciated	8,641,482	1,334,998	0	9,976,480
Governmental Activities Capital Assets	\$10,078,168	\$1,334,998	(\$713,687)	\$10,699,479
Business Type Activities:				
Capital Assets, not being depreciated:				
Land	\$3,757,586	\$0	\$0	\$3,757,586
Construction In Progress	109,526	146,925	(31,803)	224,648
Total Capital Assets not being depreciated	3,867,112	130,925	(31,803)	3,982,234
Capital Assets, being depreciated:				
Plant	5,643,568	0	0	5,643,568
Water and Sewer Lines	5,861,722	0	0	5,861,722
Improvements other than Buildings	695,100	732,466	0	1,427,566
Machinery, Equipment and Vehicles	2,934,602	32,565	0	2,967,167
Total Capital Assets being depreciated	15,134,992	781,031	0	15,900,023
Accumulated Depreciation:				
Plant	(1,902,999)	(118,518)	0	(2,021,517)
Water and Sewer Lines	(3,001,179)	(105,619)	0	(3,106,798)
Improvements other than Buildings	(160,594)	(29,212)	0	(189,806)
Machinery, Equipment and Vehicles	(2,207,125)	(147,653)	0	(2,354,778)
Total Accumulated Depreciation	(7,271,897)	(401,002)	0	(7,672,899)
Net Capital Assets, being depreciated	7,863,095	380,029	0	8,243,124
Business Type Activities Capital Assets	\$11,730,207	\$510,954	(\$31,803)	\$12,209,358

CITY OF TRENTON, OHIO
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* Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Security of Persons and Property	\$314,762
Leisure Time Activities	41,575
Community Environment	1,758
Public Health and Welfare	4,169
Transportation	121,066
General Government	<u>51,646</u>
 Total Depreciation Expense - governmental activities	 <u><u>\$534,976</u></u>

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

Business Type Activities:	
Water	\$276,702
Sewer	79,530
Refuse	17,070
Non-major enterprise	<u>27,700</u>
 Total Depreciation Expense - business-type activities	 <u><u>\$401,002</u></u>

10. Defined Benefit Pension Plans:

Net Pension Liability

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

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

CITY OF TRENTON, OHIO
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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. While members (City employees) may elect the member-directed plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS 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
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2022 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 \$309,275 for the year ending December 31, 2022. Of this amount, \$12,541 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
2022 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee:	12.25 %
2022 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 \$263,702 for 2022. Of this amount \$19,728 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, 2021, 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, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. 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	0.015627%	0.0473840%	
Proportion of the Net Pension Liability - Current Measurement Year	0.015485%	0.0480870%	
Change in proportion	-0.000142%	0.000703%	
Proportionate Share of the Net Pension Liability	\$1,347,258	\$3,004,173	\$4,351,431
Pension Expense (Income)	(\$133,347)	\$295,867	\$162,520

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At December 31, 2022, 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	\$ 34,913	\$ 149,516	\$ 184,429
Differences between expected and actual experience	68,681	86,623	155,304
Change in assumptions	168,473	549,036	717,509
City contributions subsequent to the measurement date	<u>309,275</u>	<u>263,702</u>	<u>572,977</u>
Total Deferred Outflows of Resources	<u><u>\$581,342</u></u>	<u><u>\$1,048,877</u></u>	<u><u>\$1,630,219</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$29,549	\$156,172	\$185,721
Net difference between projected and actual earnings on pension plan investments	1,602,513	787,663	2,390,176
Changes in proportion and differences	<u>17,571</u>	<u>62,558</u>	<u>80,129</u>
Total Deferred Inflows of Resources	<u><u>\$1,649,633</u></u>	<u><u>\$1,006,393</u></u>	<u><u>\$2,656,026</u></u>

\$572,977 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, 2023. 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:			
2023	(\$189,570)	\$69,551	(\$120,019)
2024	(556,258)	(199,869)	(756,127)
2025	(376,816)	(91,782)	(468,598)
2026	(254,922)	(64,310)	(319,232)
2027	<u>0</u>	<u>65,192</u>	<u>65,192</u>
Total	<u><u>(\$1,377,566)</u></u>	<u><u>(\$221,218)</u></u>	<u><u>(\$1,598,784)</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, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	<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 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

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Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below:

	OPERS Traditional Plan
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 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	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

For 2021, 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.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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During 2021, 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 15.3 percent for 2021.

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, 2021, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00%	4.21%

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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	\$3,552,104	\$1,347,258	(\$487,468)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of 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, 2021, are presented below.

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
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

In February 2022, the OPF Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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

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, 2016.

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The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return 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 OPF’s target asset allocation as of December 31, 2021, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2x

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

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Discount Rate For 2021, 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.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$4,455,183	\$3,004,173	\$1,795,885

11. Net OPEB Asset/Liability

The net OPEB asset/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 asset/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 asset/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.

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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 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 asset/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.

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, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

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Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

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.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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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.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring 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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0% during calendar year 2022. For the Combined Plan, the portion of the employer contributions allocated to health care was 0% from January 1, 2022 to June 30, 2022, and was 2% from July 1, 2022 to December 31, 2022. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2023 remains at 0% for the Traditional Pension Plan and 2% 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2022.

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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 2022, 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 \$6,940 for 2022. Of this amount, \$520 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, 2020, rolled forward to the measurement date of December 31, 2021, 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, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. 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 Asset/Liability:			
Current Measurement Date	0.014971%	0.0480870%	
Prior Measurement Date	<u>0.014730%</u>	<u>0.0473840%</u>	
Change in Proportionate Share	<u>0.0002410%</u>	<u>0.0007030%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Asset/Liability	(\$468,914)	\$527,070	\$58,156
OPEB Expense/Negative Expense	(\$363,455)	\$92,962	(\$270,493)

At December 31, 2022, 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	\$0	\$ 235,440	\$ 235,440
Differences between expected and actual experience	0	23,977	23,977
Changes in proportionate share	30,642	152,537	183,179
City contributions subsequent to the measurement date	<u>0</u>	<u>6,940</u>	<u>6,940</u>
Total Deferred Outflows of Resources	<u>\$30,642</u>	<u>\$418,894</u>	<u>\$449,536</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$71,277	\$70,088	\$141,365
Changes of assumptions	189,812	61,974	251,786
Net difference between projected and actual earnings on OPEB plan investments	223,545	47,736	271,281
Changes in proportionate share	<u>0</u>	<u>4,697</u>	<u>4,697</u>
Total Deferred Inflows of Resources	<u>\$484,634</u>	<u>\$184,495</u>	<u>\$669,129</u>

\$6,940 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 2023. 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:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2023	(\$270,532)	\$70,458	(\$200,074)
2024	(102,513)	63,302	(39,211)
2025	(48,844)	62,545	13,701
2026	(32,103)	7,191	(24,912)
2027	0	11,915	11,915
Thereafter	<u>0</u>	<u>12,048</u>	<u>12,048</u>
Total	<u>(\$453,992)</u>	<u>\$227,459</u>	<u>(\$226,533)</u>

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. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent	3.25 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial	8.5 percent, initial
	3.50 percent, ultimate in 2034	3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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For 2021, 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.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above-described tables.

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

During 2021, 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 contributions 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 14.3 percent for 2021.

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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, 2021, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	<u>100.00%</u>	<u>3.45%</u>

Discount Rate A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. 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 1.84 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 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB asset	\$275,766	\$468,914	\$629,231

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 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 2022 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.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$473,982	\$468,914	\$462,903

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Actuarial Assumptions – OPF

OPF’s total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, 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.

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, 2021, with actuarial liabilities rolled forward to December 31, 2021
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	2.84 percent
Prior measurement date	2.96 percent
Municipal bond rate:	
Current measurement date	2.05 percent
Prior measurement date	2.12 percent
Cost of Living Adjustments	2.2 percent simple per year

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In February 2022, the OPF Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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.

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

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, 2016.

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 OPF’s target asset allocation as of December 31, 2021, are summarized below:

CITY OF TRENTON, OHIO
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2x

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

Discount Rate For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. For 2020, the total OPEB liability was calculated using the discount rate of 2.96 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, OPF's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021, and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.5 percent for 2021 and 8 percent for 2020, which resulted in a blended discount rate of 2.84 percent for 2021 and 2.96 percent for 2020. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

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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 2.84 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 (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease (1.84%)	Current Discount Rate (2.84%)	1% Increase (3.84%)
City's proportionate share of the net OPEB liability	\$662,545	\$527,070	\$415,718

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 2022. 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.

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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). 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, 2021 to December 20, 2022 and further extended to December 20, 2023. 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, 2021 to December 20, 2022 and further extended to December 20, 2023. The limit is \$100,000 and the deductible is \$1,000. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Workers' Compensation

For fiscal year 2022, 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.

CITY OF TRENTON, OHIO
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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 2022 were as follows:

	Balance 12/31/21	Increase	Decrease	Balance 12/31/22	Due within one year
Governmental Activities:					
Ohio Public Works Commission Loan (1)	\$44,227	\$0	\$8,846	\$35,381	\$8,846
General Obligation Bonds – Fire	2,450,000	0	60,000	2,390,000	60,000
Compensated Absences Payable	388,582	187,955	225,912	350,625	103,869
Net Pension Liability					
OPERS	1,062,518	0	388,620	673,898	0
OPF	3,230,183	0	226,010	3,004,173	0
Net OPEB Liability					
OPF	502,036	25,034	0	527,070	0
Total – Governmental Activities	7,677,546	212,989	909,388	6,981,147	172,715
Business -Type Activities:					
Refunding Water Revenue Bond	4,830,000	0	315,000	4,515,000	325,000
Discount on Revenue Bonds	(39,981)	3,076	0	(36,905)	0
Ohio Public Works Commission Loan (1)	341,200	0	42,650	298,550	42,650
Compensated Absences Payable	190,883	102,984	115,150	178,717	55,283
Net Pension Liability					
OPERS	1,251,502	0	578,142	673,360	0
Total – Business - Type Activities	\$6,573,604	\$106,060	\$1,050,942	\$5,628,722	\$422,933

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

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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 \$69,250 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 \$315,000 in principal and \$139,669 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, 2022, the City's overall voted legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$18,767,592 and the unvoted legal debt margin was \$7,745,883.

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

GOVERNMENTAL-TYPE ACTIVITIES			
General Obligation Bonds			
Years	Principal	Interest	Total
2023	\$60,000	\$68,050	\$128,050
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
2028-2032	370,000	278,450	648,450
2033-2037	420,000	226,400	646,400
2038-2042	480,000	164,140	644,140
2043-2047	560,000	88,200	648,200
2048-2049	245,000	11,100	256,100
Totals	<u>\$2,390,000</u>	<u>\$1,094,290</u>	<u>\$3,484,290</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
2023	\$325,000	\$132,582	\$457,582
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
2028-2032	1,950,000	329,204	2,279,204
2033-2034	870,000	42,574	912,574
Totals	<u>\$4,515,000</u>	<u>\$951,398</u>	<u>\$5,466,398</u>

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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>
2023	\$42,650	\$0	\$42,650
2024	42,650	0	42,650
2025	42,650	0	42,650
2026	42,650	0	42,650
2027	42,650	0	42,650
2028-2030	85,300	0	85,300
Totals	<u>\$298,550</u>	<u>\$0</u>	<u>\$298,550</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>
2023	\$8,846	\$0	\$8,846
2024	8,845	0	8,845
2025	8,845	0	8,845
2026	8,845	0	8,845
Totals	<u>\$35,381</u>	<u>\$0</u>	<u>\$35,381</u>

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15. Short-Term Obligations:

Changes in short-term obligations during 2022 were as follows:

	Balance 12/31/21	Increase	Decrease	Balance 12/31/22
Governmental Funds				
Notes Payable – Building	\$32,500	\$0	\$32,500	\$0
Notes Payable – 2020 Equipment	5,000	0	5,000	0
Notes Payable – 2020 Police Levy	200,000	0	200,000	0
Notes Payable – 2020 Fire Truck/Equipment	526,000	200,000	526,000	200,000
Notes Payable – Road Improvement	1,750,000	1,750,000	1,750,000	1,750,000
Notes Payable – Park Equipment	250,000	0	250,000	0
Total Governmental Funds	2,763,500	1,950,000	2,763,500	1,950,000
Enterprise Funds				
Notes Payable – Water Douglas Ave.	150,000	0	150,000	0
Notes Payable – Water Main Extension	243,000	0	243,000	0
Notes Payable – Land Acquisition	3,985,000	2,500,000	3,985,000	2,500,000
Notes Payable – Building	97,500	0	97,500	0
Notes Payable – 2020 Equipment	15,000	0	15,000	0
Notes Payable – Sewer Ext	100,000	0	100,000	0
Total Enterprise Funds	\$4,590,500	\$2,500,000	\$4,590,500	\$2,500,000

The \$130,000 notes were issued for 2019 building acquisition that will be used by different services within the City. The notes were retired from the four funds (one governmental and three enterprise). They were backed by the full faith and credit of the respective operating revenue or general obligation credit of the City. The \$130,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and matured on November 9, 2022.

The \$150,000 notes were issued for water improvements along Douglas Avenue. The note was retired from the water enterprise fund. They were backed by the full faith and credit of the respective operating revenue. The original \$150,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and matured on November 9, 2022.

The \$100,000 notes were issued for sewer main at the City’s industrial park that will be used by sewer department. The note was retired from the sewer enterprise fund. They were backed by the full faith and credit of the respective operating revenue. The \$100,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and matured on November 9, 2022.

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The \$20,000 notes were issued for 2020 equipment purchases that will be used by different services within the City. The notes were retired from the four funds (one governmental and three enterprise). They were backed by the full faith and credit of the respective operating revenue or general obligation credit of the City. The \$20,000 notes issued on November 10, 2021 at a 0.75 percent interest rate and matured on November 9, 2022.

The \$200,000 notes were issued for 2020 police equipment purchases. They were backed by the full faith and credit of general obligation credit of the City. The \$200,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and matured on November 9, 2022.

The \$526,000 notes were issued for 2020 fire truck and equipment purchase. They were backed by the full faith and credit of the general obligation credit of the City. The \$526,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and matured on November 9, 2022.

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 mature on November 7, 2023.

The \$243,000 notes were issued for a water main extension. They were backed by the full faith and credit of the respective operating revenue or general obligation credit of the City. The \$243,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and matured on November 9, 2022.

The \$3,985,000 notes were issued for land acquisition and extension of the City's wellfield. They were backed by the full faith and credit of the respective operating revenue or general obligation credit of the City. The \$3,985,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and matured on November 9, 2022.

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 mature on November 7, 2023.

The \$250,000 notes were issued for park equipment. They were backed by the full faith and credit of the respective operating revenue or general obligation credit of the City. The \$250,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and matured on November 9, 2022.

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The \$1,750,000 notes were issued for road improvements in the City. They were 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 2, 2021 at a 0.875 percent interest rate and matured on June 15, 2022.

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 mature on June 7, 2023.

16. Transfers

Following is a summary of transfers in and out for all funds for 2022:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$30,500	\$962,500
Street	0	1,500
Police Levy	900,000	9,000
Water	0	4,000
Sewer	0	12,000
Refuse	0	4,000
Non-Major Governmental Funds	62,500	0
Total All Funds	<u>\$993,000</u>	<u>\$993,000</u>

The transfers from the general funds are to help support those various other functions. The General Fund transferred \$900,000 to the Police Levy Fund to supplement the Police levy funds and \$32,500 to the Capital Improvement and \$30,000 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.

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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 \$3,792 to OKI during 2022. 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.

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CITY OF TRENTON, OHIO
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FOR THE YEAR ENDED DECEMBER 31, 2022

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:

Fund Balance	General	Street	Police Levy	Fire Levy	Tax Increment Equivalent	Other
Nonspendable:						
Unclaimed Monies	\$3,779	\$0	\$0	\$0	\$0	\$0
Restricted:						
Public Works	0		0	0	0	190,138
Public Safety	0	0	1,813,253	1,392,554	0	23,238
Debt Service	0	0	0	0	0	34,884
Capital Improvements	0	0	0	0	2,302,942	22,878
Cash Bond	3,390	0	0	0	0	0
Assigned:						
Employee accounts	912	0	0	0	0	0
Community Night Out	7,037	0	0	0	0	0
Capital Improvements	0	0	0	0	0	250,290
Encumbrances	280,026	0	0	0	0	0
Unassigned						
Budget Stabilization	398,366	0	0	0	0	0
Unassigned	5,479,822	(538,449)	0	0	0	0
Total Fund Balance	\$6,173,332	(\$538,449)	\$1,813,253	\$1,392,554	\$2,302,942	\$521,428

The City has established by ordinance the Budget Stabilization Fund for the purpose of general budget stabilization which should not exceed five percent of the General Fund's revenue for the preceding year. The 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.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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.

20. COVID 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the City received \$693,726 COVID-19 funding reported in the American Rescue Plan Act fund. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

21. Restatement of Net Position

For fiscal year 2021, the City overstated the accumulated depreciation on the governmental assets by \$560,664 due to an error in the calculation of depreciation expense. The beginning net position at January 1, 2022 was restated from \$13,392,294 to \$13,952,958 for the corrected accumulated depreciation amount.

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 NINE FISCAL YEARS (1) (2)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	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	\$ 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	\$ 2,486,843	\$ 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	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	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 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 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	\$ 309,275	\$ 348,158	\$ 318,626	\$ 297,379	\$ 288,613	\$ 253,699	\$ 224,100	\$ 225,133	\$ 238,386	\$ 136,021
Contributions in Relation to the Contractually Required Contribution	(309,275)	(348,158)	(318,626)	(297,379)	(288,613)	(253,699)	(224,100)	(225,133)	(238,386)	(136,021)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City 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
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	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	\$ 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	\$ 1,456,011	\$ 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	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	75.03%	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

(1) Information prior to 2014 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 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	\$ 263,072	\$ 276,642	\$ 246,427	\$ 248,235	\$ 228,363	\$ 197,365	\$ 180,548	\$ 173,129	\$ 122,036	\$ 110,107
Contributions in Relation to the Contractually Required Contribution	(263,072)	(276,642)	(246,427)	(248,235)	(228,363)	(197,365)	(180,548)	(173,129)	(122,036)	(110,107)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City 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
Contributions as a Percentage of Covered Payroll	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	17.83%	12.75%

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 SIX FISCAL YEARS (1) (2)

	2022	2021	2020	2019	2018	2017
The City's Proportion of the Net OPEB Liability/Asset	0.014971%	0.014730%	0.013918%	0.014220%	0.014080%	0.014026%
The City's Proportionate Share of the Net OPEB Liability/Asset	\$ (468,914)	\$ (262,427)	\$ 1,922,437	\$ 1,841,174	\$ 1,528,983	\$ 1,416,667
City's Covered Payroll	\$ 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	-18.86%	-11.53%	90.50%	89.31%	78.35%	75.86%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,515	\$ 37,350	\$ 37,522	\$ 39,731	\$ 10,463
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	(19,515)	(37,350)	(37,522)	(39,731)	(10,463)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City 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
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%

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

	2022	2021	2020	2019	2018	2017
The City's Proportion of the Net OPEB Liability	0.048087%	0.047384%	0.048789%	0.048190%	0.044437%	0.040913%
The City's Proportionate Share of the Net OPEB Liability	\$ 527,070	\$ 502,036	\$ 481,920	\$ 438,844	\$ 2,517,710	\$ 1,942,048
City's Covered Payroll	\$ 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	36.20%	38.71%	36.89%	36.51%	242.38%	204.37%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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%

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	\$ 6,940	\$ 7,280	\$ 6,485	\$ 6,533	\$ 6,010	\$ 5,194	\$ 4,751	\$ 4,556	\$ 11,430	\$ 58,292
Contributions in Relation to the Contractually Required Contribution	(6,940)	(7,280)	(6,485)	(6,533)	(6,010)	(5,194)	(4,751)	(4,556)	(11,430)	(58,292)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City 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
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	1.67%	6.75%

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, 2022, 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 27, 2023.

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 2022-001 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 27, 2023

2022-001 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 an audit adjustment to correct accounts receivable in the Fire Levy Fund. 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, 2022

2021-001 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 2022-001.



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 8/29/2023

88 East Broad 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