



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF TRENTON, OHIO

BUTLER COUNTY

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the City of Trenton, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2020 to December 31, 2020. 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 13, 2021

This page intentionally left blank.

TABLE OF CONTENTS

Independent Auditors' Report..... 1 - 3

Management's Discussion and Analysis 4 - 15

Basic Financial Statements:

 Government-wide Financial Statements

 Statement of Net Position 16

 Statement of Activities 17

 Fund Financial Statements

 Balance Sheet – Governmental Funds 18 - 19

 Statement of Revenues, Expenditures and Changes in Fund

 Balances – Governmental Funds 20 - 21

 Statement of Revenues, Expenditures and Changes in Fund Balance

 Budget and Actual (Non-GAAP Budgetary Basis) – General Fund 22

 Statement of Revenues, Expenditures and Changes in Fund Balance

 Budget and Actual (Non-GAAP Budgetary Basis) – Local Coronavirus Relief Fund 23

 Statement of Revenues, Expenditures and Changes in Fund Balance

 Budget and Actual (Non-GAAP Budgetary Basis) – Police Levy Fund 24

 Statement of Revenue, Expenditures and Changes in Fund Balance

 Budget and Actual (Non-GAAP Budgetary Basis) – Fire Levy Fund 25

 Statement of Net Position – Enterprise Funds 26 - 27

 Statement of Revenues, Expenses and Changes in Fund

 Net Position – Enterprise Funds 28

 Statement of Cash Flows – Enterprise Funds 29

 Statement of Fiduciary Net Position – Fiduciary Fund 30

 Statement of Changes in Fiduciary Net Position – Fiduciary Funds 31

Notes to Basic Financial Statements 32 - 90

Required Supplementary Information:

 Schedule of the City's Proportionate Share of the Net Pension Liability

 Ohio Public Employees Retirement System – Traditional Pension Plan 91

 Schedule of City's Pension Contributions

 Ohio Public Employees Retirement System – Traditional Pension Plan 92

 Schedule of the City's Proportionate Share of the Net Pension Liability

 Ohio Police and Fire Pension Fund 93

 Schedule of City's Pension Contributions

 Ohio Police and Fire Pension Fund 94

 Schedule of the City's Proportionate Share of the Net OPEB Liability

 Ohio Public Employees Retirement System 95

 Schedule of City's OPEB Contributions

 Ohio Public Employees Retirement System 96

 Schedule of the City's Proportionate Share of the Net OPEB Liability

 Ohio Police and Fire Pension Fund 97

 Schedule of City's Pension OPEB Contributions

 Ohio Police and Fire Pension Fund 98

TABLE OF CONTENTS (continued)

Schedule of Expenditures of Federal Awards 99

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..... 100 - 101

Report on Compliance for Each Major Federal Program and Report on Internal
Control Over Compliance as Required by the Uniform Guidance..... 102 - 103

Schedule of Findings and Questioned Costs 104 – 105

Schedule of Prior Audit Findings 106

Corrective Action Plan..... 107

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Trenton:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Trenton ("the City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Trenton as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Local Coronavirus Relief 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Trenton's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021 on our consideration of City of Trenton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City of Trenton's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 28, 2021

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020. 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 2020 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, 2020, by \$19,820,641 (net position). This amount was reduced by the City's reporting of \$7,981,023 of net pension/OPEB liability in the governmental and business-type activities.
- ❑ The City's net position increased by \$1,711,635, which represents a 9.45% increase from the 2019 restated net position. The increase was split across the governmental (44%) and business type activities (56%).
- ❑ At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,931,072. Of this amount \$2,927,005 is available for spending (unassigned General Fund balance) on behalf of its citizens, mainly for the necessary services, such as general government operations.
- ❑ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,927,005, or 163% of total General Fund expenditures.
- ❑ The City's major enterprise funds reflected positive ending net positions: Water Fund \$4,360,943; Sewer Fund \$3,717,260; and Refuse Fund \$402,433.

Using this Annual Financial Report

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

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

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Reporting City of Trenton as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

- **Governmental Activities** – Most of the City's services are reported here, including police, 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, 2020
(UNAUDITED)

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

However, these fund financial statements focus on the City's most significant funds. In the case of Trenton, our major funds are the General, Local Coronavirus Relief, 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, 2020
(UNAUDITED)

Required Supplementary Information (RSI): The RSI provide additional information about the City's net pension/OPEB 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 \$19,820,641 (\$10,924,470 in governmental activities and \$8,896,171 in business-type activities) as of December 31, 2020. 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 \$9,321,450. 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 2020 compared to 2019.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019 Restated	2020	2019	2020	2019 Restated
Current and Other Assets	\$13,810,428	\$12,396,942	\$13,995,836	\$7,793,162	\$27,806,264	\$20,190,104
Capital Assets	9,066,415	8,299,312	9,799,733	9,697,033	18,866,148	17,996,345
Total Assets	22,876,843	20,696,254	23,795,569	17,490,195	46,672,412	38,186,449
Deferred Outflows	1,688,229	2,567,911	639,275	962,540	2,327,504	3,530,451
Total Assets and Deferred Outflows	24,565,072	23,264,165	24,434,844	18,452,735	48,999,916	41,716,900
Long-term liabilities	9,031,149	10,150,424	8,236,116	9,090,085	17,267,265	19,240,509
Other liabilities	1,227,330	447,009	6,823,377	1,390,121	8,050,707	1,837,130
Total Liabilities	10,258,479	10,597,433	15,059,493	10,480,206	25,317,972	21,077,639
Deferred Inflows	3,382,123	2,489,827	479,180	37,139	3,861,303	2,526,966
Total Liabilities and Deferred Inflows	13,640,602	13,087,260	15,538,673	10,517,345	29,179,275	23,604,605
Net Position:						
Net Investment in						
Capital Assets	5,484,169	5,497,393	3,837,281	3,346,218	9,321,450	8,843,611
Restricted	5,589,908	5,337,243	0	0	5,589,908	5,337,243
Unrestricted	(149,607)	(657,731)	5,058,890	4,589,172	4,909,283	3,931,441
Total Net Position	\$10,924,470	10,176,905	\$8,896,171	\$7,935,390	\$19,820,641	\$18,112,295
GASB 84 Restatement		(3,289)				(3,289)
Prior Year Report Net Position		\$10,173,616				\$18,109,006

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

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.

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 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
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

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/OPEB liability. As explained above, changes in pension/OPEB benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension/OPEB payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension/OPEB liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represented \$5,589,908 or 28.20% of net position. The remaining unrestricted \$4,909,283 net position may be used to meet the City's ongoing obligations to its citizens and creditors and for business-type activities.

During 2020, the City saw the total assets for the City increase \$8,485,963 as the City issued bond anticipation notes that weren't spent by year end pushing the cash balance up. The City also increased the capital assets by \$869,803 during the year as well. The City saw total long term liabilities decrease by \$1,973,244 while the total other liabilities increased by \$6,213,577. The main reason for the large increase is the short-term water fund land acquisition note payable issued in November 2020. The long term liabilities decreased as the City paid down the outstanding bonds and loans but also saw the net pension liability drop \$1,764,765 during the year. Overall, the net position for the City increased by over 9% because of some of the changes listed above. The business-type activities realized 56% of total net position increase during the year as all four activities increased by \$960,781 for the year from operating activities.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Table 2 provides a summary of the City's statement of activities for 2020 compared to 2019.

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$1,129,375	\$735,941	\$5,869,647	\$5,255,163	\$6,999,022	\$5,991,104
Operating Grants and Contributions	1,551,428	681,094	53,000	0	1,604,428	681,094
General Revenues:						
Income Taxes	2,127,712	2,023,865	0	0	2,127,712	2,023,865
Property Taxes	2,059,882	2,046,870	0	0	2,059,882	2,046,870
Other Taxes	486,740	480,385	0	0	486,740	480,385
Unrestricted Grants	547,158	544,484	0	0	547,158	544,484
Investment Earnings	209,510	333,299	9,475	20,356	218,985	353,655
Other Revenues	37,308	66,109	0	0	37,308	66,109
Total Revenues	8,149,113	6,912,047	5,932,122	5,275,519	14,081,235	12,187,566
Expenses:						
Security of Persons and Property	4,575,864	1,872,340	0	0	4,575,864	1,872,340
Public Health and Welfare	552,404	91,149	0	0	552,404	91,149
Leisure Time Activities	171,248	222,146	0	0	171,248	222,146
Community Environment	488,753	350,430	0	0	488,753	350,430
Transportation	836,904	916,452	0	0	836,904	916,452
General Government	571,348	522,141	0	0	571,348	522,141
Other	118,308	82,026	0	0	118,308	82,026
Interest and Fiscal Charges	92,430	178,428	0	0	92,430	178,428
Water	0	0	1,933,136	2,062,129	1,933,136	2,062,129
Sewer	0	0	1,575,272	1,514,985	1,575,272	1,514,985
Stormwater Management	0	0	227,224	290,097	227,224	290,097
Refuse	0	0	1,226,709	1,183,083	1,226,709	1,183,083
Total Expenses	7,407,259	4,236,112	4,962,341	5,050,294	12,369,600	9,286,406
Transfers	9,000	17,000	(9,000)	(17,000)	0	0
Change in Net Position	750,854	2,692,935	960,781	208,225	1,711,635	2,901,160
Beginning Net Position	10,176,905	7,469,264	7,935,390	7,727,165	18,112,295	15,196,429
Restatement	(3,289)	14,706	0	0	(3,289)	14,706
Ending Net Position	\$10,924,470	\$10,176,905	\$8,896,171	\$7,935,390	\$19,820,641	\$18,112,295

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 2020, the expenses were \$4.58 million, representing 61.78% (compared to 44.20% for 2019) of governmental activity spending, yielding a reliance on general revenues to fund the program of approximately \$3.99 million after direct support to their programs. The function was lower in 2019 with the negative Ohio Police and Fire OPEB expenses (\$2,124,091) recognized against the net OPEB liability. The amount presented for 2020 was \$78,547 representing a significant variance between the two years.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Of the other functions, public health saw the largest increase as the City received grant funds related to the local coronavirus relief and expended that money on capital items (classified as capital assets) and other items necessary to assist with the public health emergency order.

Business-Type Activities

The City's business-type activities include the water, sewer, refuse, utility deposits and stormwater management systems. The water and sewer activities had sufficient revenues to cover expenses resulting in an increase in the net position by 14.08%. The refuse fund relied on the beginning net position to cover the operating deficit for the year.

The business-type activities saw the charges for services increase by 11.7% with the additional customers. The operating expenses for the funds decreased almost 2% as the City capitalized more items for the current year compared to fiscal year 2019.

Financial Analysis of the City's Funds

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

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

As of the end of 2020, the City's governmental funds reported combined ending fund balances of \$8.93 million (up from \$8.54 million in 2019). The increase can be attributed to the increases across property and income taxes. The cash balance also increased \$1.16 million although only \$83,305 was realized in the General Fund. Approximately \$2.93 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, 2020, the unassigned General Fund balance was \$2.93 million with a total fund balance of \$3.65 million. As a measure of liquidity, it is often useful to compare these numbers to total General Fund expenditures. Unassigned fund balance represents approximately 165% of the total expenditures, while total fund balance represents 202% of that same amount.

During 2020, the City's General Fund ending balance increased by \$0.16 million even though \$1.8 million was transferred out to other funds, specifically \$1.75 million to the Police Levy Fund.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

The City's other major governmental funds are the Local Coronavirus Relief, Police Levy, Fire Levy and Tax Increment Equivalent. The Local Coronavirus Relief Fund recognized over \$0.83 million in grants to help offset the public health emergency impact. The Police Levy Fund saw property tax collections of \$0.82 million but needed \$1.75 million from the General Fund to cover operating expenditures of almost \$2.5 million. The fund balance did increase \$0.37 million.

The Fire Levy Fund's main source of revenue is property tax which is 57.97% of all revenues and the EMS charges account for 17.71% of revenues. The fund balance decreased by \$0.47 million as the fund spent over \$1.68 million.

The Tax Increment Equivalent fund receives the majority of revenue from tax incremental revenue on three residential incentive districts (96.23%).

The City saw the fund balance in the nonmajor funds increase by \$0.13 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 \$86,901 helped fund future capital improvement needs as there were no expenditures in the fund during 2020.

General Fund Budgeting Highlights

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

During the course of 2020, the City amended its total and General Fund budget several times, the most significant noted below. All recommendations for the budget came from the City Manager after consultation with individual directors and the Finance Department before submission to City Council. The City Council also ministerially approves small interdepartmental budget changes that modify line items within departments within the same fund.

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

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

The following table summarizes the major revenue sources and expenditures from original to final budget for 2020:

Description	Original Budget	Final Budget	Change
Revenues:			
Property and Other Taxes	\$600,000	\$600,000	\$0
Income Taxes	2,020,000	2,114,480	94,480
Intergovernmental	310,775	310,775	0
Other	554,883	619,883	65,000
Total Revenues	3,485,658	3,645,138	159,480
Expenditures:			
Security of Persons/Property	515,297	481,984	(33,313)
Public Health and Welfare	132,865	106,990	(25,875)
Community Environment	280,007	454,306	174,299
General Government	588,936	594,074	5,138
Other Expenditures	46,292	146,718	100,426
Total Expenditures	\$1,563,397	\$1,784,072	\$220,675

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

For expenditures, the City increased or decreased the line items slightly as several items related to materials and supplies as well as professional services changed. The following table summarizes the major revenue sources and expenditures from final budget to actual results for 2020:

Description	Final Budget	Actual	Change
Revenues:			
Property and Other Taxes	\$600,000	\$554,306	(\$45,694)
Income Taxes	2,114,480	2,151,863	37,373
Intergovernmental Revenue	310,775	313,879	3,104
Other Revenues	619,883	725,242	105,359
Total Revenues	3,645,138	3,745,290	100,152
Expenditures:			
Security of Persons/Property	481,984	475,941	6,043
Public Health and Welfare	106,990	96,404	10,586
Community Environment	454,306	484,382	(30,076)
General Government	594,074	616,007	(21,933)
Other Expenditures	146,718	120,585	26,133
Total Expenditures	\$1,784,072	\$1,793,319	(\$9,247)

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

The City's final revenues were just 2.7% over the final budget although no one item really resulted in much of a variance. 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.

As stated above, the City continued to reduce final expenditures across most functions from final budget amounts in an effort to protect the City's operating fund balance and meet the fund balance policy. The City emphasized reducing the operating budget by year end and was successful in bringing actual costs in under that economic decision. For fiscal year 2020, this effort resulted in bringing actual expenses in approximately just over than what was budgeted.

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, 2020, amounts to \$9.32 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 2020. The City has had limited funding to provide for governmental capital asset acquisition and construction. The City saw governmental-type activities capital assets add \$767,103 (net capital asset change) as the additions to the depreciable assets exceeded the current year depreciation. The City added several vehicles including a fire truck during the fiscal year. For more information on the governmental and business-type capital assets see Note 9 in the notes to the financial statements.

Long-term Debt: At the end of 2020, the City had \$5.14 million in revenue bonds outstanding on the refunding water system improvements bonds and \$2.51 million in general obligation bonds for the fire station project. The City ended the year with \$7.37 million of bond anticipation notes for various projects. 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 home town appeal to almost 14,000 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 July 2019 <https://www.census.gov/quickfacts/fact/chart/trentoncityohio>

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

The City's largest industries are supported by manufacturing as MillerCoors Brewery is located just outside of the City's southeastern corner. The City's full accrual income tax revenue increased about \$104,000 from 2019 (after decreasing \$9,400 between 2018 and 2019). The income tax covers the general fund functions of the City by 120% (cash basis). Although a significant amount of the general fund revenue is 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. 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.

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, 2020

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Component Unit</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 9,681,653	\$ 13,287,919	\$ 22,969,572	\$ 3,534
Receivables (net of allowance for doubtful accounts):				
Taxes - Real and Personal Property	2,110,934	-	2,110,934	-
Taxes - Municipal Income	857,439	-	857,439	-
Accounts	162,815	673,996	836,811	-
Interest	8,165	-	8,165	-
Loans	-	-	-	66,441
Payment in Lieu of Taxes	339,131	-	339,131	-
Due from Other Governments	650,291	-	650,291	-
Prepaid Bond Insurance	-	33,921	33,921	-
Nondepreciable Assets:				
Land	646,739	1,934,961	2,581,700	-
Construction In Progress	81,178	214,125	295,303	-
Depreciable Assets:				
Plant	-	5,643,568	5,643,568	-
Water and Sewer Lines	-	5,757,123	5,757,123	-
Buildings and Improvements	5,086,920	-	5,086,920	-
Improvements other than Buildings	3,485,411	480,318	3,965,729	-
Machinery, Equipment and Vehicles	5,020,700	2,653,303	7,674,003	-
Less: Accumulated Depreciation	(5,254,533)	(6,883,665)	(12,138,198)	-
Total Assets	22,876,843	23,795,569	46,672,412	69,975
Deferred Outflows of Resources:				
Pensions	1,005,432	234,738	1,240,170	-
OPEB	682,797	157,621	840,418	-
Deferred Charge on Refunding	-	246,916	246,916	-
Total Deferred Outflows of Resources	1,688,229	639,275	2,327,504	-
Liabilities:				
Accounts Payable	66,589	65,989	132,578	-
Contracts Payable	-	64,366	64,366	-
Accrued Wages and Benefits	115,558	59,179	174,737	-
Due to Other Governments	23,181	78,009	101,190	-
Deposits Payable	-	193,868	193,868	-
Accrued Interest Payable	7,252	6,716	13,968	-
General Obligation Notes Payable	1,014,750	6,355,250	7,370,000	-
Long Term Liabilities due within 1 year	198,750	427,580	626,330	-
Long Term Liabilities due over 1 year				
Net Pension Liabilities	4,663,748	1,562,686	6,226,434	-
Net OPEB Liabilities	1,432,753	971,604	2,404,357	-
Other Long Term Liabilities	2,735,898	5,274,246	8,010,144	-
Total Liabilities	10,258,479	15,059,493	25,317,972	-
Deferred Inflows of Resources:				
Pensions	638,171	326,801	964,972	-
OPEB	313,469	152,379	465,848	-
Payments in Lieu of Taxes	339,131	-	339,131	-
Property Tax Levy for Next Fiscal Year	2,091,352	-	2,091,352	-
Total Deferred Inflows of Resources	3,382,123	479,180	3,861,303	-
Net Position:				
Net Investment in Capital Assets	5,484,169	3,837,281	9,321,450	-
Restricted:				
Grants	-	-	-	69,000
Transportation	1,187,304	-	1,187,304	-
Public Health	1,272	-	1,272	-
Protection of Citizens	2,652,487	-	2,652,487	-
Debt Service	45,211	-	45,211	-
Capital Improvements	1,703,634	-	1,703,634	-
Unrestricted	(149,607)	5,058,890	4,909,283	975
Total Net Position	\$ 10,924,470	\$ 8,896,171	\$ 19,820,641	\$ 69,975

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Function/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Government Business-Type Activities		Total	
			\$	\$		\$	\$		
Governmental Activities:									
Security of Persons and Property	\$ (4,575,864)	\$ 574,520	\$ 6,504	\$ (3,994,840)	\$ -	\$ (3,994,840)	\$ -	\$ -	-
Public Health and Welfare	(552,404)	-	833,255	280,851	-	280,851	-	280,851	-
Leisure Time Activities	(171,248)	69,659	-	(101,589)	-	(101,589)	-	(101,589)	-
Community Environment	(488,753)	204,319	-	(284,434)	-	(284,434)	-	(284,434)	-
Transportation	(836,904)	31,829	711,669	(93,406)	-	(93,406)	-	(93,406)	-
General Government	(571,348)	153,423	-	(417,925)	-	(417,925)	-	(417,925)	-
Other Expenditures	(118,308)	95,625	-	(22,683)	-	(22,683)	-	(22,683)	-
Interest and Fiscal Charges	(92,430)	-	-	(92,430)	-	(92,430)	-	(92,430)	-
Total Governmental Activities	<u>(7,407,259)</u>	<u>1,129,375</u>	<u>1,551,428</u>	<u>(4,726,456)</u>	<u>-</u>	<u>(4,726,456)</u>	<u>-</u>	<u>(4,726,456)</u>	<u>-</u>
Business-Type Activities:									
Water	(1,933,136)	2,619,335	53,000	-	739,199	739,199	-	739,199	-
Sewer	(1,575,272)	1,831,119	-	-	255,847	255,847	-	255,847	-
Stormwater Management	(227,224)	244,501	-	-	17,277	17,277	-	17,277	-
Refuse	(1,226,709)	1,174,692	-	-	(52,017)	(52,017)	-	(52,017)	-
Total Business -Type Activities	<u>(4,962,341)</u>	<u>5,869,647</u>	<u>53,000</u>	<u>-</u>	<u>960,306</u>	<u>960,306</u>	<u>-</u>	<u>960,306</u>	<u>-</u>
Total	<u>\$ (12,369,600)</u>	<u>\$ 6,999,022</u>	<u>\$ 1,604,428</u>	<u>\$ (4,726,456)</u>	<u>\$ 960,306</u>	<u>\$ (3,766,150)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,975</u>
Component Unit:									
Community Improvement Corporation	\$ -	\$ -	\$ 68,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,975
General Revenues and Transfers:									
Income Taxes				2,127,712		2,127,712		2,127,712	
Property Taxes				2,059,882		2,059,882		2,059,882	
Franchise Fee Taxes				121,133		121,133		121,133	
Payment in Lieu of Taxes				280,566		280,566		280,566	
Permissive Sales Tax				85,041		85,041		85,041	
Grants and Contributions not restricted to specific programs				547,158		547,158		547,158	600
Unrestricted investment earnings				209,510	9,475	218,985		218,985	260
Miscellaneous				37,308		37,308		37,308	15
Total General Revenues				<u>5,468,310</u>	<u>9,475</u>	<u>5,477,785</u>		<u>5,477,785</u>	<u>875</u>
Transfers				9,000	(9,000)	-		-	-
Changes in Net Position				750,854	960,781	1,711,635		1,711,635	69,850
Net Position - Beginning (Restated)				10,173,616	7,935,390	18,109,006		18,109,006	125
Net Position - Ending				<u>\$ 10,924,470</u>	<u>\$ 8,896,171</u>	<u>\$ 19,820,641</u>		<u>\$ 19,820,641</u>	<u>\$ 69,975</u>

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Local Coronavirus Relief	Police Levy	Fire Levy	Tax Increment Equivalent	Other Governmental Funds	Total Governmental Funds
Assets:							
Equity in Pooled Cash and Cash Equivalents	\$ 3,485,779	\$ 1,272	\$ 1,280,896	\$ 2,126,263	\$ 1,683,198	\$ 1,104,245	\$ 9,681,653
Receivables (net of allowance for doubtful accounts):							
Taxes - Real and Personal Property	579,060	-	824,855	707,019	-	-	2,110,934
Taxes - Municipal Income	857,439	-	-	-	-	-	857,439
Accounts	47,870	-	30,532	78,982	-	5,431	162,815
Interest	8,165	-	-	-	-	-	8,165
Payment in Lieu of Taxes	-	-	-	-	339,131	-	339,131
Due from Other Governments	164,175	-	61,778	45,918	-	378,420	650,291
Total Assets	5,142,488	1,272	2,198,061	2,958,182	2,022,329	1,488,096	13,810,428
Liabilities:							
Accounts Payable	37,312	-	9,295	8,113	-	11,869	66,589
Accrued Wages and Benefits	38,193	-	63,972	172	-	13,221	115,558
Due to Other Governments	8,151	-	4,657	10,373	-	-	23,181
Accrued Interest Payable	-	-	407	837	-	137	1,381
General Obligation Notes Payable	45,000	-	299,000	615,000	-	55,750	1,014,750
Total Liabilities	128,656	-	377,331	634,495	-	80,977	1,221,459
Deferred Inflows of Resources:							
Property Tax Levy for Next Fiscal Year	573,365	-	817,377	700,610	-	-	2,091,352
Delinquent Property Tax	5,695	-	7,478	6,409	-	-	19,582
Payments in Lieu of Taxes Levied for Next Fiscal Year	-	-	-	-	339,131	-	339,131
Income Taxes	615,018	-	-	-	-	-	615,018
Intergovernmental Revenue	143,627	-	55,111	45,918	-	317,513	562,169
Miscellaneous Revenues	30,645	-	-	-	-	-	30,645
Total Deferred Inflows of Resources:	1,368,350	-	879,966	752,937	339,131	317,513	3,657,897
Fund Balances:							
Nonspendable	3,927	-	-	-	-	-	3,927
Restricted	242,413	1,272	940,764	1,570,750	1,683,198	995,892	5,434,289
Assigned	472,137	-	-	-	-	93,714	565,851
Unassigned	2,927,005	-	-	-	-	-	2,927,005
Total Fund Balances	3,645,482	1,272	940,764	1,570,750	1,683,198	1,089,606	8,931,072
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,142,488	\$ 1,272	\$ 2,198,061	\$ 2,958,182	\$ 2,022,329	\$ 1,488,096	\$ 13,810,428

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, 2020**

Fund Balances - Governmental Funds		\$ 8,931,072
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.		9,066,415
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows in the funds.		1,227,414
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension/OPEB	1,688,229	
Deferred Inflows - Pension/OPEB	(951,640)	
Net Pension/OPEB Liabilities	<u>(6,096,501)</u>	
Total		(5,359,912)
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.		<u>(2,940,519)</u>
Net Position of governmental activities		<u><u>\$ 10,924,470</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, 2020

	General	Local Coronavirus Relief	Police Levy	Fire Levy	Tax Increment Equivalent	Other Governmental Funds	Total Governmental Funds
Revenues:							
Income Taxes	\$ 2,028,896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,028,896
Property and Other Taxes	554,306	-	820,245	703,067	-	-	2,077,618
Intergovernmental	315,062	833,255	117,324	101,996	-	788,671	2,156,308
Charges for Services	121,623	-	-	214,805	-	-	336,428
Licenses and Permits	266,118	-	-	-	-	-	266,118
Investment Earnings	171,565	-	7,351	14,155	10,982	5,457	209,510
Special Assessments	95,125	-	-	-	-	-	95,125
Fines and Forfeitures	58,356	-	39,227	-	-	2,402	99,985
Payment in Lieu of Taxes	-	-	-	-	280,566	-	280,566
All Other Revenues	140,698	-	139,232	178,854	-	38,370	497,154
Total Revenues	3,751,749	833,255	1,123,379	1,212,877	291,548	834,900	8,047,708
Expenditures:							
Current:							
Security of Persons and Property	476,345	-	2,494,273	1,540,690	400	7,582	4,519,290
Public Health and Welfare	86,230	831,983	-	-	-	-	918,213
Leisure Time Activities	138,968	-	-	-	-	-	138,968
Community Environment	466,595	-	-	-	-	-	466,595
Transportation	-	-	-	-	-	730,282	730,282
General Government	597,099	-	-	-	-	-	597,099
Other	34,138	-	-	-	84,170	-	118,308
Capital Outlay	-	-	-	-	-	17,951	17,951
Debt Service:							
Principal Retirement	-	-	-	55,000	-	4,423	59,423
Interest and Fiscal Charges	1,570	-	5,612	86,216	-	3,116	96,514
Total Expenditures	1,800,945	831,983	2,499,885	1,681,906	84,570	763,354	7,662,643
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,950,804	1,272	(1,376,506)	(469,029)	206,978	71,546	385,065
Other Financing Sources (Uses):							
Transfers - In	18,000	-	1,750,000	-	-	62,500	1,830,500
Transfers - Out	(1,812,500)	-	(7,000)	-	-	(2,000)	(1,821,500)
Total Other Financing Sources (Uses)	(1,794,500)	-	1,743,000	-	-	60,500	9,000
Change in Fund Balance	156,304	1,272	366,494	(469,029)	206,978	132,046	394,065
Fund Balances at Beginning of Year, restated	3,489,178	-	574,270	2,039,779	1,476,220	957,560	8,537,007
Fund Balances at End of Year	<u>\$ 3,645,482</u>	<u>\$ 1,272</u>	<u>\$ 940,764</u>	<u>\$ 1,570,750</u>	<u>\$ 1,683,198</u>	<u>\$ 1,089,606</u>	<u>\$ 8,931,072</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, 2020

Net Change in Fund Balances - total governmental funds	\$	394,065
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.		767,103
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		101,405
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.		63,507
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 liability are reported as pension and OPEB expense in the statement of activities.		(1,111,439)
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>(35,325)</u>
Change in net position of governmental activities	<u>\$</u>	<u>750,854</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, 2020

GENERAL FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
Revenues:				
Property and Other Local Taxes	\$ 600,000	\$ 600,000	\$ 554,306	\$ (45,694)
Income Taxes	2,020,000	2,114,480	2,151,863	37,383
Intergovernmental	310,775	310,775	313,879	3,104
Charges for Services	121,000	121,000	121,623	623
Licenses and Permits	52,193	85,241	216,318	131,077
Investment Earnings	204,690	204,690	118,679	(86,011)
Special Assessments	90,000	90,000	95,125	5,125
Fines and Forfeitures	62,000	62,000	57,856	(4,144)
Other All Revenue	25,000	56,952	115,641	58,689
Total Revenue	3,485,658	3,645,138	3,745,290	100,152
Expenditures:				
Current:				
Security of Persons and Property	515,297	481,984	475,941	6,043
Public Health and Welfare Services	132,865	106,990	96,404	10,586
Community Environment	280,007	454,306	484,382	(30,076)
General Government	588,936	594,074	616,007	(21,933)
Other	46,292	146,718	120,585	26,133
Total Expenditures	1,563,397	1,784,072	1,793,319	(9,247)
Excess of Revenues Over Expenditures	1,922,261	1,861,066	1,951,971	90,905
Other Financing (Uses):				
Income Tax Refunds	-	-	(57,331)	(57,331)
Transfers - Out	(2,075,200)	(2,020,500)	(2,029,500)	(9,000)
Total Other Financing (Uses)	(2,075,200)	(2,020,500)	(2,086,831)	(66,331)
Change in Net Position	(152,939)	(159,434)	(134,860)	24,574
Fund Balances at Beginning of Year	2,798,511	2,798,511	2,798,511	-
Prior Year Encumbrances	131,187	131,187	131,187	-
Fund Balances at End of Year	\$ 2,776,759	\$ 2,770,264	\$ 2,794,838	\$ 24,574

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, 2020

LOCAL CORONAVIRUS RELIEF FUND

	Budget		Actual	Variance Postive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ 830,818	\$ 833,255	\$ 2,437
Total Revenue	-	830,818	833,255	2,437
<u>Expenditures:</u>				
Current:				
Public Health and Welfare Services	-	830,778	835,529	(4,751)
Total Expenditures	-	830,778	835,529	(4,751)
Change in Net Position	-	40	(2,274)	(2,314)
Fund Balances at Beginning of Year	-	-	-	-
Fund Balances (Deficit) at End of Year	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ (2,274)</u>	<u>\$ (2,314)</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, 2020

POLICE LEVY FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 850,000	\$ 828,000	\$ 820,245	\$ (7,755)
Intergovernmental	115,380	115,380	112,850	(2,530)
Investment Earnings	13,260	13,260	7,351	(5,909)
Fines and Forfeitures	56,440	55,750	39,457	(16,293)
Other All Revenue	51,090	51,090	111,195	60,105
	<u>1,086,170</u>	<u>1,063,480</u>	<u>1,091,098</u>	<u>27,618</u>
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	2,819,209	2,819,209	2,567,061	252,148
Debt Service:				
Principal Retirement	198,000	198,000	299,000	(101,000)
Interest and Fiscal Charges	3,000	3,000	5,205	(2,205)
	<u>3,020,209</u>	<u>3,020,209</u>	<u>2,871,266</u>	<u>148,943</u>
(Deficiency) of Revenues (Under) Expenditures	(1,934,039)	(1,956,729)	(1,780,168)	176,561
<u>Other Financing Sources (Uses):</u>				
Proceeds of Notes	396,000	598,000	598,000	-
Transfers - In	1,750,000	1,750,000	1,750,000	-
Transfers - Out	(9,500)	(9,500)	(7,000)	2,500
	<u>2,136,500</u>	<u>2,338,500</u>	<u>2,341,000</u>	<u>2,500</u>
Change in Net Position	202,461	381,771	560,832	179,061
Fund Balances at Beginning of Year	594,776	594,776	594,776	-
Prior Year Encumbrances	47,951	47,951	47,951	-
Fund Balances at End of Year	<u>\$ 845,188</u>	<u>\$ 1,024,498</u>	<u>\$ 1,203,559</u>	<u>\$ 179,061</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, 2020

FIRE LEVY FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
Revenues:				
Property and Other Local Taxes	\$ 730,000	\$ 730,000	\$ 703,067	\$ (26,933)
Intergovernmental	205,800	105,800	105,406	(394)
Charges for Services	197,600	197,600	213,730	16,130
Investment Earnings	26,000	26,000	14,155	(11,845)
Other All Revenue	2,500	19,760	102,911	83,151
	<u>1,162,000</u>	<u>1,079,260</u>	<u>1,139,269</u>	<u>60,009</u>
Total Revenue				
Expenditures:				
Current:				
Security of Persons and Property	1,545,749	1,575,749	1,521,380	54,369
Debt Service:				
Principal Retirement	125,000	125,000	615,000	(490,000)
Interest and Fiscal Charges	-	-	10,649	(10,649)
	<u>1,670,749</u>	<u>1,700,749</u>	<u>2,147,029</u>	<u>(446,280)</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	(508,749)	(621,489)	(1,007,760)	(386,271)
Other Financing Sources (Uses):				
Proceeds of Notes	500,000	1,230,000	1,230,000	-
Transfers - Out	-	-	(125,000)	(125,000)
	<u>500,000</u>	<u>1,230,000</u>	<u>1,105,000</u>	<u>(125,000)</u>
Total Other Financing Sources (Uses)				
Change in Net Position	(8,749)	608,511	97,240	(511,271)
Fund Balances at Beginning of Year	844,562	844,562	844,562	-
Prior Year Encumbrances	14,756	14,756	14,756	-
	<u>\$ 850,569</u>	<u>\$ 1,467,829</u>	<u>\$ 956,558</u>	<u>\$ (511,271)</u>
Fund Balances at End of Year				

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2020**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Assets:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 8,293,551	\$ 3,894,132	\$ 685,357	\$ 414,879	\$ 13,287,919
Receivables (net of allowances for doubtful accounts)	245,232	233,577	156,814	38,373	673,996
Accounts	8,538,783	4,127,709	842,171	453,252	13,961,915
Total Current Assets					
	33,921	-	-	-	33,921
Noncurrent Assets:					
Prepaid Bond Insurance	1,934,961	-	-	-	1,934,961
Nondepreciable Capital Assets:					
Land	38,907	175,218	-	-	214,125
Construction in Progress	5,499,590	71,989	71,989	-	5,643,568
Depreciable Capital Assets:					
Plant	3,416,736	2,340,387	-	-	5,757,123
Water and Sewer Lines	238,771	94,470	-	147,077	480,318
Improvements Other than Buildings	1,486,916	690,579	155,582	320,226	2,653,303
Machinery, Equipment and Vehicles	(4,571,026)	(2,039,139)	(75,175)	(198,325)	(6,883,665)
Less: Accumulated Depreciation	8,044,855	1,333,504	152,396	268,978	9,799,733
Total Capital Assets (net of accumulated depreciation)	8,078,776	1,333,504	152,396	268,978	9,833,654
Total Noncurrent Assets					
	16,617,559	5,461,213	994,567	722,230	23,795,569
Total Assets					
	119,620	40,013	66,425	8,680	234,738
Deferred Outflows of Resources:					
Pensions	69,371	61,409	21,057	5,784	157,621
OPEB	246,916	-	-	-	246,916
Deferred Charge on Refunding	435,907	101,422	87,482	14,464	639,275
Total Deferred Outflows of Resources					

**CITY OF TRENTON, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2020**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	\$ 61,169	\$ 1,546	\$ 1,826	\$ 1,448	\$ 65,989
Contracts Payable	-	-	64,366	-	64,366
Accrued Wages and Benefits	26,197	18,612	12,562	1,808	59,179
Due to Other Governments	2,189	75,038	782	-	78,009
Deposits Payable	-	-	-	193,868	193,868
Accrued Interest Payable	6,292	348	76	-	6,716
Notes Payable	6,043,750	255,750	55,750	-	6,355,250
Compensated Absences Payable - Current	29,926	23,261	16,244	5,499	74,930
OPWC Loans Payable - Current	-	42,650	-	-	42,650
Refunded Revenue Bonds Payable - Current	310,000	-	-	-	310,000
Total Current Liabilities	6,479,523	417,205	151,606	202,623	7,250,957
<i>Noncurrent Liabilities:</i>					
Compensated Absences Payable	49,835	38,737	27,050	9,156	124,778
OPWC Loans Payable	-	362,525	-	-	362,525
Refunded Revenue Bonds Payable	4,786,943	-	-	-	4,786,943
Net OPEB Liability	442,606	382,837	112,118	34,043	971,604
Net Pension Liability	728,963	430,305	346,578	56,840	1,562,686
Total Noncurrent Liabilities	6,008,347	1,214,404	485,746	100,039	7,808,536
Total Liabilities	12,487,870	1,631,609	637,352	302,662	15,059,493
Deferred Inflows of Resources:					
OPEB	64,568	69,068	12,921	5,822	152,379
Pensions	140,085	144,698	29,343	12,675	326,801
Total Deferred Inflows of Resources	204,653	213,766	42,264	18,497	479,180
Net Position:					
Net Investment in Capital Assets	2,799,078	672,579	96,646	268,978	3,837,281
Unrestricted	1,561,865	3,044,681	305,787	146,557	5,058,890
Total Net Position	\$ 4,360,943	\$ 3,717,260	\$ 402,433	\$ 415,535	\$ 8,896,171

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, 2020

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS				
	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Operating Revenues:					
Charges for Services	\$ 2,565,470	\$ 1,803,304	\$ 1,156,042	\$ 241,161	\$ 5,765,977
Other Operating Revenues	53,865	27,815	18,650	3,340	103,670
Total Operating Revenues	2,619,335	1,831,119	1,174,692	244,501	5,869,647
Operating Expenses:					
Personal Services	802,854	576,986	348,878	73,305	1,802,023
Materials and Supplies	402,310	148,632	73,536	102,943	727,421
Contractual Services	159,428	723,358	756,728	18,572	1,658,086
Other Operating Expenses	111,463	44,535	31,316	4,153	191,467
Depreciation	260,248	74,554	14,859	28,251	377,912
Total Operating Expenses	1,736,303	1,568,065	1,225,317	227,224	4,756,909
Operating Income (Loss)	883,032	263,054	(50,625)	17,277	1,112,738
Non-Operating Revenues (Expenses):					
Investment Earnings	7,854	166	-	1,455	9,475
Capital Grants and Contributions	53,000	-	-	-	53,000
Interest and Fiscal Charges	(196,833)	(7,207)	(1,392)	-	(205,432)
Total Non-Operating Revenues (Expenses)	(135,979)	(7,041)	(1,392)	1,455	(142,957)
Income (Loss) Before Transfers	747,053	256,013	(52,017)	18,732	969,781
Transfers Out	(3,000)	(3,000)	(3,000)	-	(9,000)
Change in Net Position	744,053	253,013	(55,017)	18,732	960,781
Total net position - Beginning	3,616,890	3,464,247	457,450	396,803	7,935,390
Total net position - Ending	<u>\$ 4,360,943</u>	<u>\$ 3,717,260</u>	<u>\$ 402,433</u>	<u>\$ 415,535</u>	<u>\$ 8,896,171</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, 2020**

	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	\$ 2,573,999	\$ 1,797,528	\$ 1,158,022	\$ 239,218	\$ 5,768,767
Cash Paid for Employee Services and Benefits	(704,744)	(474,643)	(328,912)	(60,871)	(1,569,170)
Cash Paid to Suppliers for Goods and Services	(522,464)	(868,655)	(828,788)	(122,266)	(2,342,173)
Other Operating Revenues	43,207	20,448	13,148	2,182	78,985
Other Operating Expenses	(111,469)	(44,531)	(31,316)	(4,150)	(191,466)
Net Cash Provided by (Used for) Operating Activities	1,278,529	430,147	(17,846)	54,113	1,744,943
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers to other funds	(3,000)	(3,000)	(3,000)	-	(9,000)
Net Cash (Used for) Noncapital Financing Activities	(3,000)	(3,000)	(3,000)	-	(9,000)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Capital Grants	53,000	-	-	-	53,000
Face Value from Sale of Notes	6,343,750	262,750	62,750	-	6,669,250
Acquisition and Construction of Capital Assets	(258,142)	(108,201)	(111,753)	(2,516)	(480,612)
Principal Paid on Notes	(855,000)	(372,000)	(72,000)	-	(1,299,000)
Principal Paid on Revenue Bonds	(305,000)	-	-	-	(305,000)
Principal Paid on OPWC Payable	-	(21,325)	-	-	(21,325)
Interest and Fiscal Charges Paid on All Debt	(168,847)	(7,807)	(1,485)	-	(178,139)
Net Cash Provided by (Used for) Capital and Related Financing Activities	4,809,761	(246,583)	(122,488)	(2,516)	4,438,174
<u>Cash Flows from Investing Activities:</u>					
Interest	7,854	166	-	1,455	9,475
Net Cash Provided By Investing Activities	7,854	166	-	1,455	9,475
Net Change in Cash and Cash Equivalents	6,093,144	180,730	(143,334)	53,052	6,183,592
Cash and Cash Equivalents at Beginning of Year	2,200,407	3,713,402	828,691	361,827	7,104,327
Cash and Cash Equivalents at End of Year	<u>\$ 8,293,551</u>	<u>\$ 3,894,132</u>	<u>\$ 685,357</u>	<u>\$ 414,879</u>	<u>\$ 13,287,919</u>
Net Cash Provided by (Used for) Operating Activities: Operating Income (Loss)	\$ 883,032	\$ 263,054	\$ (50,625)	\$ 17,277	\$ 1,112,738
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities:					
Depreciation Expense	260,248	74,554	14,859	28,251	377,912
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
(Increase) in Accounts Receivable	(2,129)	(13,143)	(3,522)	(2,711)	(21,505)
Increase (Decrease) in Accounts Payables	39,300	(1,264)	(659)	(599)	36,778
Increase in Contracts Payables	-	-	2,135	-	2,135
Increase in Accrued Wages and Benefits	5,301	3,889	2,630	285	12,105
Increase in Due to Other Governments	1,677	5,761	782	-	8,220
Increase in Compensated Absences Payable	5,013	4,321	968	4,227	14,529
(Decrease) in Deposits Payable	-	-	-	(390)	(390)
Increase for Pension/OPEB Related Items	86,087	92,975	15,586	7,773	202,421
Total Adjustments	395,497	167,093	32,779	36,836	632,205
Net Cash Provided by (Used by) Operating Activities	<u>\$ 1,278,529</u>	<u>\$ 430,147</u>	<u>\$ (17,846)</u>	<u>\$ 54,113</u>	<u>\$ 1,744,943</u>

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020

	<u>Custodial Fund</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 17,780</u>
Liabilities:	
Accounts Payable	<u>11,007</u>
Net Position:	
Restricted For Individuals and Governments	<u>\$ 6,773</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, 2020

	<u>Custodial Fund</u>
Additions:	
Fine and Forfeitures	\$ 17,983
Deductions:	
Payments to others	23,092
Net Decrease in Fiduciary Net Position	(5,109)
Net Position - Beginning (Restated)	11,882
Net Position - Ending	\$ 6,773

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

Discretely Presented Component Units

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

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

Basis of presentation – fund accounting

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

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

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

2. Summary of Significant Accounting Policies:

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Fund Accounting

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

Governmental Funds

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

Local Coronavirus Relief Fund

The Local Coronavirus Relief fund accounts for grants from the State of Ohio or Butler County to assist the City in the expenditure of funds related to the pandemic and State of Ohio health emergency. The City expended funds related to capital and public health purposes.

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 2020 was \$171,565, which includes \$98,153 assigned from other funds. The Police Levy, Fire Levy, Tax Increment Equivalent, Street, and Motor Vehicle License Special Revenue Funds and Water, Sewer and Utility Deposit Enterprise Funds also received \$7,351, \$14,155; \$10,982; \$3,359; \$2,098; \$7,854; \$166 and \$1,455 respectively in interest during 2020.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

During 2020, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), U.S. governmental agencies 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, 2020, which approximates fair value.

For 2020, 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 \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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 fair market value on the date of donation. Infrastructure, such as streets, bridges, stormwater systems and dams are capitalized if the life expectancy is five years or more and a designated value exceeding \$25,000.

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

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

The City has elected to not report major general infrastructure assets retroactively which is

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

Accrued Liabilities and Long-Term Obligations

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

Capitalization of interest

The City’s policy is to capitalize net interest on enterprise fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2020, no net interest expense was incurred on enterprise fund construction projects.

Fund Balance

The City reports the following categories of fund balance:

- Nonspendable fund balance relates to the value of consumable inventories, prepaids or unclaimed funds.
- Restricted fund balances related to grants, other restricted revenue sources like state shared revenues or charges for specific services are reported as restricted in the fund receiving those resources.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

-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 then assigned resources when expenditures are incurred for purposes for which either restricted, assigned or unrestricted amounts are available.

Estimates

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

Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows in the statement of net position. Net 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.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The City only has 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 position 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, 2020, but which were levied to finance fiscal year 2021 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.)

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

Pensions/OPEB

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Exchange/Non-Exchange Transactions

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

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

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 \$9,066,415 difference are as follows:

Capital Assets	\$14,320,948
Accumulated Depreciation	(5,254,533)
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$9,066,415

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 (\$2,940,519) difference are as follows:

Loans Payable	(\$57,496)
Bonds Payable	(2,510,000)
Accrued Interest Payable	(5,871)
Compensated Absences	(367,152)
	(367,152)
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	(\$2,940,519)

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 \$767,103 are as follows:

Current capital additions	\$1,380,871
Depreciation Expense	(613,768)
Net Adjustment – capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$767,103

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 \$63,507 are as follows:

Principal paid on long term debt	\$59,423
Change in interest payable	4,084
Net Adjustment - current financial resources focus to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$63,507

3. Restatement of Net Position and Fund Balance and Change in Accounting Principles

During fiscal year 2019, the City implemented GASB Statement No. 84 “Fiduciary Activities”. The City reported the Mayor’s Court Custodial Fund as a special revenue fund in fiscal year 2019. After further evaluation during fiscal year 2020, the City determined the remaining activity should be reported as a custodial fund. The restatement regarding this pronouncement has the following effect on net position as reported December 31, 2019:

	Governmental-Type Activities	Non-Major Governmental Funds
Net Position/Fund Balance at December 31, 2019	\$10,176,905	\$960,849
Adjustments:		
Mayor’s Court removed as a special revenue fund	(3,289)	(3,289)
Restated Net Position/Fund Balance at December 31, 2019	\$10,173,616	\$957,560

GASB Statement No. 83 “Certain Asset Retirement Obligations.” The Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 90 “Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61”. The Statement is to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

The implementation of these statements did not have an effect on the financial statements of the City.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

4. Budget to GAAP Reconciliation:

Budgetary basis of accounting

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a restriction or assignment of fund balance for governmental funds.
4. Proceeds from issuance of short term notes and 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.)

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

	General Fund	Local Coronavirus Relief Fund	Police Levy	Fire Levy
GAAP Basis	\$156,304	\$1,272	\$366,494	(\$469,029)
Adjustments:				
Revenue Accruals	(4,189)	0	(32,281)	(40,489)
Proceeds of Notes	0	0	598,000	1,230,000
Expenditure Accruals	82	0	4,956	(44,722)
Encumbrances	(134,356)	(3,546)	(77,337)	(22,741)
Principal Retirement	0	0	(299,000)	(560,000)
Transfers	(235,000)	0	0	(125,000)
Fund Reclassification	82,299	0	0	129,221
Budget Basis	<u>(\$134,860)</u>	<u>(\$2,274)</u>	<u>\$560,832</u>	<u>\$97,240</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;
- 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;

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

- 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.

A. Deposits

At year-end, the carrying amount of the City's deposits was \$10,895,890. As of December 31, 2020, the CIC has \$3,534 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, 2020, \$7,628,782 of the City's bank balance of \$11,345,299 was exposed to custodial credit risk as discussed below.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020) 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, 2020 are summarized below:

Categorized Investments	Fair Value	Fair Value Hierarchy	Investment Maturities (in Year)		Credit Rating(1)	Concentration Percentage
			Less than 1	3-5		
STAR Ohio	\$11,576,700	NA	\$11,576,700	\$0	AAAm	95.74%
FHLB	169,993	Level 2	169,993	0	AA+	1.41%
FHLMC	300,129	Level 2	0	300,129	AA+	2.48%
Money Market Funds	44,640	NA	44,640	0	AA+	0.37%
Total	\$12,091,462		\$11,791,33	\$300,129		

(1) Standard & Poor’s

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.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Interest Rate Risk

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

Concentration of Credit Risk

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

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.

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.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020, 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 2020 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$175,491,420
Public Utility Property	11,308,920
Total Property Tax	\$186,800,340

Property taxes receivable represents real and public utility property taxes, public utility taxes and outstanding delinquencies that are measurable as of December 31, 2020. 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 2020 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.

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 2020, the proceeds were allocated to the General Fund. Net income tax revenue for 2020 was \$2,028,896.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

8. Receivables:

Receivables at December 31, 2020, consisted of property taxes, income taxes, special assessments, due from other governments arising from grants, entitlements and shared revenues, interest on investments 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>	
Local Government Revenue	\$124,479
Homestead and Rollback	39,696
Total General Fund	<u>164,175</u>
<i>Police Levy Fund:</i>	
Edgewood Schools	6,667
Homestead and Rollback	55,111
Total Police Levy Fund	<u>61,778</u>
<i>Fire Levy Fund:</i>	
Homestead and Rollback	<u>45,918</u>
<u>NONMAJOR FUNDS</u>	
<i>Street Fund:</i>	
Motor Vehicle License Tax	35,191
Gas Tax	300,979
Total Street Fund	<u>336,170</u>
<i>Permissive Motor Vehicle License Fund</i>	
Permissive Tax	<u>42,250</u>
Total Non-Major Funds	<u>378,420</u>
Total for Governmental Activities	<u>\$650,291</u>

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

9. Capital Assets:

Changes in Capital Assets during the year ended December 31, 2020, were as follows:

	Balance 12/31/19	Increases	Decreases	Balance 12/31/20
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$646,739	\$0	\$0	\$646,739
Construction In Progress	61,961	19,217	0	81,178
Total Capital Assets not being depreciated	708,700	19,217	0	727,917
Capital Assets, being depreciated:				
Buildings	4,960,902	126,018	0	5,086,920
Improvements other than Buildings	3,485,411	0	0	3,485,411
Machinery, Equipment and Vehicles	3,849,338	1,235,636	(64,274)	5,020,700
Total Capital Assets being depreciated	12,295,651	1,361,654	(64,274)	13,593,031
Accumulated Depreciation:				
Buildings	(1,053,338)	(103,498)	0	(1,156,836)
Improvements other than Buildings	(637,063)	(209,947)	0	(847,010)
Machinery, Equipment and Vehicles	(3,014,638)	(300,323)	64,274	(3,250,687)
Total Accumulated Depreciation	(4,705,039)	(613,768)	64,274	(5,254,533)
Net Capital Assets, being depreciated	7,560,612	747,886	0	8,308,498
Governmental Activities Capital Assets	\$8,299,312	\$767,103	\$0	\$9,066,415
Business Type Activities				
Capital Assets, not being depreciated				
Land	\$1,934,961	\$0	\$0	\$1,934,961
Construction In Progress	232,919	31,803	(50,597)	214,125
Total Capital Assets not being depreciated	2,167,880	31,803	(50,597)	2,149,086
Capital Assets, being depreciated				
Plant	5,427,601	215,967	0	5,643,568
Water and Sewer Lines	5,713,630	43,493	0	5,757,123
Improvements other than Buildings	480,318	0	0	480,318
Machinery, Equipment and Vehicles	2,431,128	239,946	(17,771)	2,653,303
Total Capital Assets being depreciated	14,052,677	499,406	(17,771)	14,534,312
Accumulated Depreciation:				
Plant	(1,683,813)	(109,593)	0	(1,793,406)
Water and Sewer Lines	(2,788,761)	(106,209)	0	(2,894,970)
Improvements other than Buildings	(118,517)	(17,858)	0	(136,375)
Machinery, Equipment and Vehicles	(1,932,433)	(144,252)	17,771	(2,058,914)
Total Accumulated Depreciation	(6,523,524)	(377,912)	17,771	(6,883,665)
Net Capital Assets, being depreciated	7,529,153	121,494	0	7,650,647
Business Type Activities Capital Assets	\$9,697,033	\$153,297	(\$50,597)	\$9,799,733

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

* Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Security of Persons and Property	\$288,270
Leisure Time Activities	22,365
Community Environment	2,093
Public Health and Welfare	10,673
Transportation	241,780
General Government	48,587
	<hr/>
Total Depreciation Expense - governmental activities	<u>\$613,768</u>

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

Business Type Activities:	
Water	\$260,248
Sewer	74,554
Refuse	28,251
Non-major enterprise	14,859
	<hr/>
Total Depreciation Expense - business-type activities	<u>\$377,912</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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 Comprehensive Annual Financial Report referenced above for additional information):

	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.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. A death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

	State and Local	
2020 Statutory Maximum Contribution Rates		
Employer	14.0 %	
Employee	10.0 %	
2020 Actual Contribution Rates		
Employer:		
Pension	14.0 %	
Post-employment Health Care Benefits	0.0	
Total Employer	14.0 %	
Employee	10.0 %	

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$318,626 for the year ending December 31, 2020. Of this amount, \$34,762 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.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

Under normal service retirement, retired members who have 15 or more years of service credit as of July 1, 2013 and members receiving a pension benefit that became effective before July 1, 2013 will be equal to three percent of the member's base pension benefit.

Members retiring under normal service retirement, with less than 15 years of service credit on 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 three percent 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.

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

	Police	
2020 Statutory Maximum Contribution Rates		
Employer	19.50	%
Employee:	12.25	%
2020 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 \$246,427 for 2020. Of this amount \$23,485 is reported as accrued wages and benefits.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2019, 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, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability - Prior Measurement Year	0.014816%	0.0481900%	
Proportion of the Net Pension Liability - Current Measurement Year	<u>0.014874%</u>	<u>0.0487890%</u>	
Change in proportion	<u>0.000058%</u>	<u>0.000599%</u>	
Proportionate Share of the Net Pension Liability	\$2,939,767	\$3,286,667	\$6,226,434
Pension Expense	\$494,724	\$511,972	\$1,006,696

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in proportion and differences	\$ 22,502	\$ 290,497	\$ 312,999
Differences between expected and actual experience	-	124,411	124,411
Change in assumptions	157,028	80,679	237,707
City contributions subsequent to the measurement date	<u>318,626</u>	<u>246,427</u>	<u>565,053</u>
Total Deferred Outflows of Resources	<u><u>\$498,156</u></u>	<u><u>\$742,014</u></u>	<u><u>\$1,240,170</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$37,170	\$169,501	\$206,671
Net difference between projected and actual earnings on pension plan investments	586,952	158,820	745,772
Changes in proportion and differences	<u>-</u>	<u>12,529</u>	<u>12,529</u>
Total Deferred Inflows of Resources	<u><u>\$624,122</u></u>	<u><u>\$340,850</u></u>	<u><u>\$964,972</u></u>

\$565,053 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, 2021. 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:			
2021	(\$48,346)	\$54,262	\$5,916
2022	(186,674)	83,122	(103,552)
2023	24,285	150,768	175,053
2024	(233,857)	(121,684)	(355,541)
2025	<u>0</u>	<u>(11,731)</u>	<u>(11,731)</u>
Total	<u><u>(\$444,592)</u></u>	<u><u>\$154,737</u></u>	<u><u>(\$289,855)</u></u>

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2019 using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019 are presented as follows:

Wage Inflation	3.25 percent
Projected Salary Increases	3.25 percent to 10.75 percent (Includes wage inflation 3.25%)
COLA or Ad Hoc COLA	Pre 1/7/2013 Retirees: 3 percent Simple Post 1/7/13 Retirees: 1.4% simple through 2020, then 2.15% simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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, 2015.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long- Term Expected Real Rate of Return (arithmetic)</u>
Fixed income	25%	1.83%
Domestic equities	19%	5.75%
Real estate	10%	5.2%
Private equity	12%	10.70%
International equities	21%	7.66%
Other investments	13%	4.98%
Total	<u>100%</u>	<u>5.61%</u>

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.

During 2019, 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 17.2% for 2019.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Discount Rate

The discount rate used to measure the total pension liability 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.2 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 (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$4,848,924	\$2,939,767	\$1,223,833

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2019 is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2019, are presented below:

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Increases	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent for a total 3.25 rate
Cost of Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent.

Healthy Mortality

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%.

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

Disabled Mortality

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
59 or less	35%
60-69	60%
70-79	75%
80 and up	100%

The most recent experience study was completed December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2019 are summarized below:

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return**</u>
Cash and Cash Equivalents	0.00 %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Core Fixed Income *	23.00	2.70
Private Credit	5.00	5.50
High Yield Fixed Income	7.00	4.70
Private Real Estate	12.00	6.40
Private Markets	8.00	8.00
Real Assets	8.00	7.40
U.S Inflation Linked Bonds*	17.00	2.50
Midstream Energy Infrastructure	<u>8.00</u>	6.60
 Total	 <u><u>120.00 %</u></u>	 Note: 10 year rate

* levered 2x

**Geometric mean, net of expected inflation

OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.0 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7 percent), or one percentage point higher (9 percent) than the current rate.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City's proportionate share of the net pension liability	\$4,555,235	\$3,286,667	\$2,225,674

11. Net OPEB Liability

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

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

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

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

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 to qualifying benefit recipients of both the traditional pension and the combined plans. This 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 refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. 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' Comprehensive Annual Financial Report referenced below for additional information.

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 2020, 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.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. 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 2020 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 2020.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple employer, defined benefit OPEB plan (the OPEB plan) that provides various levels of health care to retired, disabled and beneficiaries, as well as their dependents. On January 1, 2019, OP&F changed the way it supports retiree health care. A stipend-based health care model has replaced the self-insured group health care plan that had been in place. OP&F has contracted with a vendor who can assist eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 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.

OP&F maintains funds for health care in two separate accounts. There is 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. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2020, 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 and is limited by the provisions of Sections 115 and 401(h).

The OP&F 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 OP&F was \$6,485 for 2020. Of this amount, \$618 is reported as an *accrued wages and benefits*.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.013918%	0.0487890%	
Prior Measurement Date	<u>0.014122%</u>	<u>0.0481900%</u>	
Change in Proportionate Share	<u>-0.0002040%</u>	<u>0.0005990%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,922,437	\$481,920	\$2,404,357
OPEB Expense	\$212,107	\$78,547	\$290,654

At December 31, 2020, 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			
Differences between expected and actual experience	\$44	\$0	\$44
Changes of assumptions	304,300	281,751	586,051
Changes in proportionate share	1,714	246,124	247,838
City contributions subsequent to the measurement date	<u>0</u>	<u>6,485</u>	<u>6,485</u>
Total Deferred Outflows of Resources	<u>\$306,058</u>	<u>\$534,360</u>	<u>\$840,418</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$175,815	\$51,826	\$227,641
Changes of assumptions	0	102,701	102,701
Net difference between projected and actual earnings on OPEB plan investments	97,890	22,177	120,067
Changes in proportionate share	<u>15,439</u>	<u>0</u>	<u>15,439</u>
Total Deferred Inflows of Resources	<u>\$289,144</u>	<u>\$176,704</u>	<u>\$465,848</u>

\$6,485 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 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2021	\$41,824	\$67,960	\$109,784
2022	16,843	67,960	84,803
2023	76	72,509	72,585
2024	(41,829)	65,337	23,508
2025	0	64,588	64,588
Thereafter	<u>0</u>	<u>12,817</u>	<u>12,817</u>
Total	<u>\$16,914</u>	<u>\$351,171</u>	<u>\$368,085</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 benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25%
Single Discount Rate:	
Current measurement date	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.75 percent
Health Care Cost Trend Rate	10.5 percent, initial 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, 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, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets with 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 table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.99
Total	<u>100.00 %</u>	<u>4.55 %</u>

Discount Rate

A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 2.75 percent. 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 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 (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
City's proportionate share of the net OPEB liability	\$2,515,818	\$1,922,437	\$1,447,333

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

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 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 that in the not-too-distant future, 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 liability	\$1,865,708	\$1,922,437	\$1,978,444

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.50 percent to 10.50 percent
Payroll Growth	3.25 percent per annum
Municipal Bond Index Rate	
Prior measurement date	4.13 percent
Current measurement date	2.75 percent
Single discount rate:	
Current measurement date	3.56 percent
Prior measurement date	4.66 percent

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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>
67 or less	77 %
68-77	105
78 and up	115

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>
59 or less	35 %
60-69	60
70-79	75
80 and up	100

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return**</u>
Cash Equivalents	0.00 %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S Inflation Linked Bonds*	17.00	2.50
Midstream Energy Infrastructure	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	<u>12.00</u>	6.40
 Total	 <u>120.00</u> %	 Note: 10 year rate

* levered 2x

** Geometric mean, net of expected inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Discount Rate

The total OPEB liability was calculated using the discount rate of 3.56 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 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent at December 31, 2019 and 4.66% at December 31, 2018. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2033, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability 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 3.56 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 (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
City's proportionate share of the net OPEB liability	\$597,555	\$481,920	\$385,843

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 2020. 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. This is an elective coverage offered to employees through Medical Mutual Vision Coverage for all full-time employees. The premium varies with each employee depending on the coverage elected, just as with healthcare, and the employees pay 100% of the monthly premium. Life insurance is provided through Standard Life Insurance to all full-time employees with \$20,000 coverage at no cost to the employees.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 2020. 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, 2019 to December 20, 2020 and further extended to December 20, 2021. 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, 2019 to December 20, 2020 and further extended to December 20, 2021. The limit is \$100,000 and the deductible is \$1,000.

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Workers' Compensation

For fiscal year 2020, the City participated in the Ohio Association of Public Treasurers Workers Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP.

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

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

14. Long-Term Obligations:

Changes in long-term obligations during 2020 were as follows:

	Balance 12/31/19	Increase	Decrease	Balance 12/31/20	Due within one year
Governmental Activities:					
Ohio Public Works Commission Loan (1)	\$61,919	\$0	\$4,423	\$57,496	\$8,846
General Obligation Bonds – Fire	2,565,000	0	55,000	2,510,000	60,000
Compensated Absences Payable	331,827	210,804	175,479	367,152	129,904
Net Pension Liability					
OPERS	1,906,944	0	529,863	1,377,081	0
OP&F	3,933,577	0	646,910	3,286,667	0
Net OPEB Liability					
OPERS	912,313	38,520	0	950,833	0
OP&F	438,844	43,076	0	481,920	0
Total – Governmental Activities	10,150,424	292,400	1,411,675	9,031,149	198,750
Business -Type Activities:					
Refunding Water Revenue Bond	5,445,000	0	305,000	5,140,000	310,000
Discount on Revenue Bonds	(46,133)	3,076	0	(43,057)	0
Ohio Public Works Commission Loan (1)	426,500	0	21,325	405,175	42,650
Compensated Absences Payable	185,179	109,978	95,449	199,708	74,930
Net Pension Liability					
OPERS	2,150,678	0	587,992	1,562,686	0
Net OPEB Liability					
OPERS	928,861	42,743	0	971,604	0
Total – Business - Type Activities	\$9,090,085	\$155,797	\$1,009,766	\$8,236,116	\$427,580

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

In November 2019, the City issued \$2,565,000 in general obligation bonds at a variable interest rate between 2% and 3% over thirty years. Interest is paid semi-annually. The bond was issued for the improvements to the City’s fire station. The bond will be paid from revenues derived from the fire tax levy and backed by the general revenue of the City. There was \$55,000 principal and \$74,730 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 \$305,000 in principal and \$151,968 in interest during the year from the pledged revenue in the water fund.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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. Both loans were able to defer the second half fiscal year 2020. The payment was added onto the amortization at the end of the term of loan. 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, 2020, the City’s overall voted legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$15,084,003 and the unvoted legal debt margin was \$5,743,986.

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

GOVERNMENTAL-TYPE ACTIVITIES			
General Obligation Bonds			
Years	Principal	Interest	Total
2021	\$60,000	\$70,450	\$130,450
2022	60,000	69,250	129,250
2023	60,000	68,050	128,050
2024	60,000	66,850	126,850
2025	65,000	65,650	130,650
2026-2030	345,000	298,550	643,550
2031-2035	400,000	247,970	647,970
2036-2040	455,000	190,620	645,620
2041-2045	525,000	120,150	645,150
2046-2049	480,000	36,450	516,450
Totals	<u>\$2,510,000</u>	<u>\$1,233,990</u>	<u>\$3,743,990</u>

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

BUSINESS-TYPE ACTIVITIES			
<u>Water Refunding Revenue Bonds</u>			
<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$310,000	\$145,868	\$455,868
2022	315,000	139,668	454,668
2023	325,000	132,582	457,582
2024	330,000	124,782	454,782
2025	340,000	116,532	456,532
2026-2030	1,835,000	438,404	2,273,404
2031-2034	1,685,000	139,098	1,824,098
Totals	<u>\$5,140,000</u>	<u>\$1,236,934</u>	<u>\$6,376,934</u>

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>
2021	\$42,650	\$0	\$42,650
2022	42,650	0	42,650
2023	42,650	0	42,650
2024	42,650	0	42,650
2025	42,650	0	42,650
2026-2030	191,925	0	191,925
Totals	<u>\$405,175</u>	<u>\$0</u>	<u>\$405,175</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>
2021	\$8,846	\$0	\$8,846
2022	8,845	0	8,845
2023	8,845	0	8,845
2024	8,845	0	8,845
2025	8,845	0	8,845
2026-2027	13,270	0	13,270
Totals	<u>\$57,496</u>	<u>\$0</u>	<u>\$57,496</u>

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

15. Short-Term Obligations:

Changes in short-term obligations during 2020 were as follows:

	Balance 12/31/19	Increase	Decrease	Balance 12/31/20
Governmental Funds				
Notes Payable – Building	\$65,000	\$48,750	\$65,000	\$48,750
Notes Payable – 2020 Equipment	0	14,000	7,000	7,000
Notes Payable – 2020 Police Levy	0	598,000	299,000	299,000
Notes Payable – 2020 Fire Truck/Equipment	0	1,230,000	615,000	615,000
Notes Payable – Gas extension	90,000	45,000	90,000	45,000
Notes Payable – Amphitheater	85,000	0	85,000	0
Total Governmental Funds	240,000	1,935,750	1,161,000	1,014,750
Enterprise Funds				
Notes Payable – Water	200,000	140,000	200,000	140,000
Notes Payable – Water Douglas Ave.	290,000	200,000	290,000	200,000
Notes Payable – Water Main Extension	0	586,000	293,000	293,000
Notes Payable – Land Acquisition	0	5,355,000	0	5,355,000
Notes Payable – Building	195,000	146,250	195,000	146,250
Notes Payable – 2020 Equipment	0	42,000	21,000	21,000
Notes Payable – Sewer Ext	300,000	200,000	300,000	200,000
Total Enterprise Funds	\$985,000	\$6,669,250	\$1,299,000	\$6,355,250

The \$140,000 enterprise notes were issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. They are backed by the full faith and credit of the Water operating revenue and mature within one year. The \$140,000 notes were issued on November 10, 2020 at a 1 percent interest rate and mature on November 10, 2021.

The \$195,000 notes were issued for 2019 building acquisition that will be used by different services within the City. The notes will be retired from the four funds (one governmental and three enterprise). They are backed by the full faith and credit of the respective operating revenue or general obligation credit of the City. The \$195,000 notes were issued on November 10, 2020 at a 1 percent interest rate and mature on November 10, 2021.

The \$200,000 notes were issued for water improvements along Douglas Avenue. The note will be retired from the water enterprise fund. They are backed by the full faith and credit of the respective operating revenue. The original \$200,000 notes were issued on November 10, 2020 at a 1 percent interest rate and mature on November 10, 2021.

The \$200,000 notes were issued for sewer main at the City’s industrial park that will be used by sewer department. The note will be retired from the sewer enterprise fund. They are backed by the full faith and credit of the respective operating revenue. The \$200,000 notes were issued on November 10, 2020 at a 1 percent interest rate and mature on November 10, 2021.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

The \$45,000 notes were issued for extension of the gas main and electric lines through the City's industrial park. The note will be retired from the debt service fund. They are backed by the full faith and credit of the general fund. The \$45,000 notes were issued on November 10, 2020 at a 1 percent interest rate and mature on November 10, 2021.

The \$28,000 notes were issued for 2020 equipment purchases that will be used by different services within the City. The notes will be retired from the four funds (one governmental and three enterprise). They are backed by the full faith and credit of the respective operating revenue or general obligation credit of the City. The \$28,000 notes were originally issued February 5, 2020 at a 2.25 percent interest rate that matured on November 12, 2020. The notes were reissued on November 10, 2020 at a 1 percent interest rate and mature on November 10, 2021.

The \$299,000 notes were issued for 2020 police equipment purchases. They are backed by the full faith and credit of general obligation credit of the City. The \$299,000 notes were originally issued February 5, 2020 at a 2.25 percent interest rate that matured on November 12, 2020. The notes were reissued on November 10, 2020 at a 1 percent interest rate and mature on November 10, 2021.

The \$615,000 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 \$615,000 notes were originally issued February 5, 2020 at a 2.25 percent interest rate that matured on November 12, 2020. The notes were reissued on November 10, 2020 at a 1 percent interest rate and mature on November 10, 2021.

The \$293,000 notes were issued for a water main extension. They are backed by the full faith and credit of the respective operating revenue or general obligation credit of the City. The \$293,000 notes were originally issued February 5, 2020 at a 2.25 percent interest rate that matured on November 12, 2020. The notes were reissued on November 10, 2020 at a 1 percent interest rate and mature on November 10, 2021.

The \$5,355,000 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 \$5,355,000 notes were issued on November 10, 2020 at a 1 percent interest rate and mature on November 10, 2021.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

16. Transfers

Following is a summary of transfers in and out for all funds for 2020:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$18,000	\$1,812,500
Police Levy	1,750,000	7,000
Water	0	3,000
Sewer	0	3,000
Refuse	0	3,000
Non-Major Governmental Funds	<u>62,500</u>	<u>2,000</u>
Total All Funds	<u>\$1,830,500</u>	<u>\$1,830,500</u>

The transfers from the general funds are to help support those various other functions. The General Fund transferred \$1,750,000 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.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 \$3,740 to OKI during 2020. To obtain financial information, write to Director of Finance and Administration of the Ohio-Kentucky-Indiana Regional Council of Governments at 920 Pete Rose Way, Suite 420, Cincinnati, Ohio, 45202.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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	Local Coronavirus Relief	Police Levy	Fire Levy	Tax Increment Equivalent	Other
Nonspendable:						
Unclaimed Monies	\$3,927	0	\$0	\$0	\$0	\$0
Restricted:						
Public Works	0	0	0	0	0	896,936
Public Safety	0	0	940,764	1,570,750	0	25,996
Debt Service	0	0	0	0	0	52,524
Public Health	0	1,272	0	0	0	0
Capital Improvements	0	0	0	0	1,683,198	20,436
Cash Bond	242,413	0	0	0	0	0
Assigned:						
Employee accounts	499	0	0	0	0	0
Community Night Out	7,037	0	0	0	0	0
Capital Improvements	0	0	0	0	0	93,714
Subsequent Appropriations	349,000					
Encumbrances	115,601	0	0	0	0	0
Unassigned						
Budget Stabilization	398,366	0	0	0	0	0
Unassigned	2,528,639	0	0	0	0	0
Total Fund Balance	\$3,645,482	\$1,272	\$940,764	\$1,570,750	\$1,683,198	\$1,089,606

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and ensuing emergency measures will impact subsequent periods of the City. The investments of the pension and other employee benefit plans in which the City participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of those losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

21. SUBSEQUENT EVENTS

On June 16, 2021, the City issued \$1,750,000 in bond anticipation notes for road improvements. The notes were issued for a one year term.

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 SEVEN FISCAL YEARS (1) (2)

	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	0.014874%	0.014816%	0.014540%	0.014804%	0.015134%	0.014942%	0.014942%
The City's Proportionate Share of the Net Pension Liability	\$ 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	\$ 2,124,136	\$ 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	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	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 2019, the discount rate was reduced from 7.5% to 7.2%. This impacted the projected inflows and outflows from investment earnings.

Changes in assumptions: In 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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	\$ 318,626	\$ 297,379	\$ 288,613	\$ 253,699	\$ 224,100	\$ 225,133	\$ 238,386	\$ 136,021	\$ 213,875	\$ 186,969
Contributions in Relation to the Contractually Required Contribution	(318,626)	(297,379)	(288,613)	(253,699)	(224,100)	(225,133)	(238,386)	(136,021)	(213,875)	(186,969)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 2,275,900	\$ 2,124,136	\$ 2,061,521	\$ 1,951,531	\$ 1,867,500	\$ 1,876,108	\$ 1,986,550	\$ 1,046,315	\$ 2,138,750	\$ 1,869,690
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%

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

	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	0.048789%	0.048190%	0.044437%	0.040913%	0.040075%	0.041303%	0.041303%
The City's Proportionate Share of the Net Pension Liability	\$ 3,286,667	\$ 3,933,577	\$ 2,727,272	\$ 2,591,385	\$ 2,578,039	\$ 2,139,675	\$ 2,011,593
The City's Covered Payroll	\$ 1,306,500	\$ 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	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	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 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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	\$ 246,427	\$ 248,235	\$ 228,363	\$ 197,365	\$ 180,548	\$ 173,129	\$ 122,036	\$ 110,107	\$ 131,583	\$ 126,516
Contributions in Relation to the Contractually Required Contribution	(246,427)	(248,235)	(228,363)	(197,365)	(180,548)	(173,129)	(122,036)	(110,107)	(131,583)	(126,516)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 1,296,984	\$ 1,306,500	\$ 1,201,911	\$ 1,038,763	\$ 950,253	\$ 911,205	\$ 684,442	\$ 863,584	\$ 1,032,024	\$ 992,282
Contributions as a Percentage of Covered Payroll	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	17.83%	12.75%	12.75%	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
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS (1) (2)

	2020	2019	2018	2017
The City's Proportion of the Net OPEB Liability	0.013918%	0.014220%	0.014080%	0.014026%
The City's Proportionate Share of the Net OPEB Liability	\$ 1,922,437	\$ 1,841,174	\$ 1,528,983	\$ 1,416,667
City's Covered Payroll	\$ 2,124,136	\$ 2,061,521	\$ 1,951,531	\$ 1,867,500
The City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	90.50%	89.31%	78.35%	75.86%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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%.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ 19,515	\$ 37,350	\$ 37,522	\$ 39,731	\$ 10,463	\$ 85,550	\$ 74,788
Contributions in Relation to the Contractually Required Contribution	-	-	-	(19,515)	(37,350)	(37,522)	(39,731)	(10,463)	(85,550)	(74,788)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 2,275,900	\$ 2,124,136	\$ 2,061,521	\$ 1,951,531	\$ 1,867,500	\$ 1,876,108	\$ 1,986,550	\$ 1,046,315	\$ 2,138,750	\$ 1,869,690
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%	4.00%	4.00%

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

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	\$ 6,485	\$ 6,533	\$ 6,010	\$ 5,194	\$ 4,751	\$ 4,556	\$ 11,430	\$ 58,292	\$ 69,662	\$ 66,979
Contributions in Relation to the Contractually Required Contribution	(6,485)	(6,533)	(6,010)	(5,194)	(4,751)	(4,556)	(11,430)	(58,292)	(69,662)	(66,979)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 1,296,984	\$ 1,306,500	\$ 1,201,911	\$ 1,038,763	\$ 950,253	\$ 911,205	\$ 684,442	\$ 863,584	\$ 1,032,024	\$ 992,282
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	1.67%	6.75%	6.75%	6.75%

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

CITY OF TRENTON, OHIO
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
<i>(Passed through Ohio Office of Budget Management):</i>			
COVID-19 - Coronavirus Relief Fund	HB481-CRF-Local	21.019	<u>831,983</u>
Total Federal Expenditures			<u>\$ 831,983</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Trenton, Ohio (the "City") under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the costs principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

To the City Council
City of Trenton:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Trenton ("the City") as of and for the year ended December 31, 2020, 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 28, 2021.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

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 Response to the Finding

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 28, 2021

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**INDEPENDENT AUDITORS' REPORT**

To the City Council
City of Trenton, Ohio:

Report on Compliance for Each Major Federal Program

We have audited the City of Trenton, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in

accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 28, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 28, 2021

CITY OF TRENTON
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	yes
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	no
Identification of major programs:	
• CFDA 21.019 – Coronavirus Relief Fund	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	no

**City of Trenton
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2020**

Section II – Financial Statement Findings

2020-001 Financial Reporting

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

We proposed an audit adjustment to reclassify fund balance classifications in the Genal Fund. In addition, we also identified a number of immaterial audit adjustments. Management elected to record certain immaterial audit 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: The City concurs with these adjustments which have been posted to the financial statements.

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – Schedule of Prior Year Findings

2019-001 Financial Reporting

A misstatement in the financial statements was identified that was not initially identified by the City's internal control over financial reporting.

Status: Repeated as Finding 2020-001.

This page intentionally left blank.



**City of Trenton
Schedule of Prior Year Audit Findings
Year Ended December 31, 2020**

2019-001 Financial Reporting

A misstatement in the financial statements was identified that was not initially identified by the City's internal control over financial reporting.

Status: Repeated as Finding 2020-001.



CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2020

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	We will enhance our internal controls over financial reporting with steps such as additional management analysis of the financial statements.	12/31/2021	Mike Engel, Treasurer

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 8/26/2021

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