



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF TRENTON, OHIO

BUTLER COUNTY

REGULAR AUDIT

YEAR ENDED DECEMBER 31, 2021

OHIO AUDITOR OF STATE
KEITH FABER



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

City 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, 2021 through December 31, 2021. 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 05, 2022

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) – Street 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/Asset	
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)

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	99 - 100
Schedule of Findings and Responses	101
Schedule of Prior Audit Findings	102

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Trenton:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Trenton ("the City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Trenton as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Street Fund, Police Levy Fund and the Fire Levy Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022 on our consideration of City of Trenton, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Trenton, Ohio '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, Ohio's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 28, 2022

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021. 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 2021 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, 2021, by \$25,477,710 (net position). This amount was reduced by the City's reporting of \$6,342,876 of GASB 68 and GASB 75 adjustments in the governmental and business-type activities.
- ❑ The City's net position increased by \$5,657,069, which represents a 29% increase from the 2020 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 \$9,972,763. Of this amount \$4,153,154 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 \$4,153,154, or 190% of total General Fund expenditures.
- ❑ The City's major enterprise funds reflected positive ending net positions: Water Fund \$6,102,424; Sewer Fund \$5,174,544; and Refuse Fund \$398,355.

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, 2021
(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 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

Reporting the City of Trenton's Most Significant Funds

Fund Financial Statements

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

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, Street, Police Levy, Fire Levy, Tax Increment Equivalent, Water, Sewer and Refuse funds.

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

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

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

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

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

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

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$25,477,710 (\$13,392,294 in governmental activities and \$12,085,416 in business-type activities) as of December 31, 2021. 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 \$6,497,545. 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 2021 compared to 2020.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$18,077,041	\$13,810,428	\$12,334,637	\$13,995,836	\$30,411,678	\$27,806,264
Noncurrent Assets	131,922	0	130,505	0	262,427	0
Capital Assets	9,517,504	9,066,415	11,730,207	9,799,733	21,247,711	18,866,148
Total Assets	27,726,467	22,876,843	24,195,349	23,795,569	51,921,816	46,672,412
Deferred Outflows	1,485,088	1,688,229	546,000	639,275	2,031,088	2,327,504
Total Assets and Deferred Outflows	29,211,555	24,565,072	24,741,349	24,434,844	53,952,904	48,999,916
Long-term liabilities	7,677,546	9,031,149	6,573,604	8,236,116	14,251,150	17,267,265
Other liabilities	4,001,561	1,227,330	5,125,291	6,823,377	9,126,852	8,050,707
Total Liabilities	11,679,107	10,258,479	11,698,895	15,059,493	23,378,002	25,317,972
Deferred Inflows	4,140,154	3,382,123	957,038	479,180	5,097,192	3,861,303
Total Liabilities and Deferred Inflows	15,788,908	13,640,602	12,655,933	15,538,673	28,475,194	29,179,275
Net Position:						
Net Investment in						
Capital Assets	4,259,777	5,484,169	2,237,768	3,837,281	6,467,545	9,321,450
Restricted	6,278,374	5,589,908	0	0	6,278,374	5,589,908
Unrestricted	2,854,143	(149,607)	9,847,648	5,058,890	12,701,791	4,909,283
Total Net Position	\$13,392,294	\$10,924,470	\$12,085,416	\$8,896,171	\$25,477,710	\$19,820,641

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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 as well as the net OPEB asset.

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

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

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

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

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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 asset/liability. As explained above, changes in pension/OPEB benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB asset/liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension/OPEB payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension/OPEB liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represented \$6,278,374 or 24.60% of net position. The remaining unrestricted \$12,701,791 net position may be used to meet the City's ongoing obligations to its citizens and creditors and for business-type activities.

During 2021, the City saw the total assets for the City increase \$5,249,404 as the City saw the cash balance increase with the sale of land to two large developments and income tax for the year increased with more residents and business resumed activities in the year. The City also saw the capital assets increase by \$2,381,563 during the year as well by purchasing additional property from the proceeds of other land at lower reported value. The City worked on the improvements to Kennel and Industrial park drive that pushed construction in progress up.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

The City saw total long term liabilities decrease by \$3,016,115 while the total other liabilities increased by \$1,076,145. The main reasons for the increase are the short-term road improvement and park equipment notes payable issued in June 2021 and November 2021 for \$2,000,000 but the City paid down the other outstanding notes payable by \$2,016,000. The long term liabilities decreased as the City paid down the outstanding bonds and loans but also saw the net pension liability drop \$682,231 and the net OPEB liability for OPERS flip to a net OPEB asset resulting in a \$2,164,478 reduction during the year. Overall, the net position for the City increased by over 29% because of some of the changes listed above. The business-type activities realized 36% of total net position increase during the year as all four activities increased by \$3,189,245 for the year from operating activities. Table 2 provides a summary of the City's statement of activities for 2021 compared to 2020.

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$1,127,049	\$1,129,375	\$6,154,971	\$5,869,647	\$7,282,020	\$6,999,022
Operating Grants and Contributions	1,105,320	1,551,428	0	53,000	1,105,320	1,604,428
Capital Grants and Contributions	0	0	5,180,710	0	5,180,710	0
General Revenues:						
Income Taxes	3,009,219	2,127,712	0	0	3,009,219	2,127,712
Property Taxes	2,248,828	2,059,882	0	0	2,248,828	2,059,882
Other Taxes	617,731	486,740	0	0	617,731	486,740
Unrestricted Grants	499,361	547,158	0	0	499,361	547,158
Investment Earnings	(5,954)	209,510	13,877	9,475	7,923	218,985
Other Revenues	15,088	37,308	0	0	15,088	37,308
Total Revenues	8,616,642	8,149,113	11,349,558	5,932,122	19,966,200	14,081,235
Expenses:						
Security of Persons and Property	3,956,751	4,575,864	0	0	3,956,751	4,575,864
Public Health and Welfare	191,659	552,404	0	0	191,659	552,404
Leisure Time Activities	61,582	171,248	0	0	61,582	171,248
Community Environment	422,058	488,753	0	0	422,058	488,753
Transportation	826,784	836,904	0	0	826,784	836,904
General Government	421,848	571,348	0	0	421,848	571,348
Other	188,784	118,308	0	0	188,784	118,308
Interest and Fiscal Charges	88,352	92,430	0	0	88,352	92,430
Water	0	0	1,987,104	1,933,136	1,987,104	1,933,136
Sewer	0	0	1,129,175	1,575,272	1,129,175	1,575,272
Stormwater Management	0	0	254,865	227,224	254,865	227,224
Refuse	0	0	1,229,858	1,226,709	1,229,858	1,226,709
Total Expenses	6,157,818	7,407,259	4,601,002	4,962,341	10,758,820	12,369,600
Transfers	9,000	9,000	(9,000)	(9,000)	0	0
Intra-Entity Transfers with CIC	0	0	(3,550,311)	0	(3,550,311)	0
Change in Net Position	2,467,824	750,854	3,189,245	960,781	5,657,069	1,711,635
Beginning Net Position	10,924,470	10,176,905	8,896,171	7,935,390	19,820,641	18,112,295
Restatement	0	(3,289)	0	0	0	(3,289)
Ending Net Position	\$13,392,294	\$10,924,470	\$12,085,416	\$8,896,171	\$25,477,710	\$19,820,641

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Governmental Activities

The main focus of governmental activities is security of persons and property, which represents the police and fire services of the City. For 2021, the expenses were \$3.96 million, representing 64.26% (compared to 61.78% for 2020) of governmental activity spending, yielding a reliance on general revenues to fund the program of approximately \$3.54 million after direct support to their programs. The function was lower in 2021 with the negative Ohio Police and Fire OPEB expenses (\$222,280) recognized against the net OPEB asset/liability.

Of the other functions, public health saw the largest decrease 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 during 2020. The funds received in 2021 were not expended by year end and reported as unearned revenues. The pension and OPEB changes allocated to the other expense line items caused the reduction over the 2020 reported amounts.

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 39.50%. The refuse fund and stormwater management fund (nonmajor) relied on the beginning net position to cover the operating deficit for the year.

The business-type activities saw the charges for services increase by 4.86% with the additional customers. The operating expenses for the funds decreased 7.3% as the City reported a negative OPEB expense as the liability flipped to an asset based on the plan assumptions changing.

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 2021, the City's governmental funds reported combined ending fund balances of \$9.97 million (up from \$8.93 million in 2020). The increase can be attributed to the increases across property and income taxes by just over \$1 million. The cash balance also increased \$3.90 million with \$1.35 million realized in the General Fund.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Approximately \$4.15 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, 2021, the unassigned General Fund balance was \$4.15 million with a total fund balance of \$4.70 million. As a measure of liquidity, it is often useful to compare these numbers to total General Fund expenditures. Unassigned fund balance represents approximately 190% of the total expenditures, while total fund balance represents 215% of that same amount.

During 2021, the City's General Fund ending balance increased by \$1.05 million even though \$1.8 million was transferred out to other funds, specifically \$1.78 million to the Police Levy Fund.

The City's other major governmental funds are the Street, Police Levy, Fire Levy and Tax Increment Equivalent. The Street Fund recognized over \$1.6 million in expenditures that pushed it back to a major fund but also resulted in the fund balance dropping to a negative balance. The Police Levy Fund saw property tax collections of \$0.88 million but needed \$1.78 million from the General Fund to cover operating expenditures of over \$2.5 million. The fund balance did increase \$0.36 million.

The Fire Levy Fund's main source of revenue is property tax which is 67.22% of all revenues and the EMS charges account for 20.14% of revenues. The fund balance increased by \$0.03 million as the fund spent over \$1.04 million.

The Tax Increment Equivalent fund receives the majority of revenue from tax incremental revenue on three residential incentive districts (99.62%).

The City saw the fund balance in the nonmajor funds increase by \$0.15 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 \$98,652 helped fund future capital improvement needs as there were no expenditures in the fund during 2021.

General Fund Budgeting Highlights

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

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

During the course of 2021, the City amended its total and General Fund budget several times, the most significant noted below. All recommendations for the budget came from the City Manager after consultation with individual directors and the Finance Department before submission to City Council. The City Council also ministerially approves small interdepartmental budget changes that modify line items within departments within the same fund.

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

The following table summarizes the major revenue sources and expenditures from original to final budget for 2021:

<u>Description</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>
Revenues:			
Property and Other Taxes	\$565,000	\$565,000	\$0
Income Taxes	1,982,800	2,982,800	1,000,000
Intergovernmental	327,320	327,320	0
Other	635,461	851,426	215,965
Total Revenues	<u>3,510,581</u>	<u>4,726,546</u>	<u>1,215,965</u>
Expenditures:			
Security of Persons/Property	517,001	517,001	0
Public Health and Welfare	172,119	137,219	(34,900)
Community Environment	308,992	620,492	311,500
General Government	652,154	685,154	33,000
Other Expenditures	200,171	200,171	0
Total Expenditures	<u>1,850,437</u>	<u>2,160,037</u>	<u>309,600</u>

The City amended the original revenue budget once 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's amendments were to several line items with the largest being the community environment line as the City increased spending in three areas within that function.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

The following table summarizes the major revenue sources and expenditures from final budget to actual results for 2021:

Description	Final Budget	Actual	Change
Revenues:			
Property and Other Taxes	\$565,000	\$624,640	\$59,640
Income Taxes	2,982,800	2,949,803	(32,997)
Intergovernmental Revenue	327,320	365,954	38,634
Other Revenues	851,426	824,837	(26,589)
Total Revenues	<u>4,726,546</u>	<u>4,765,234</u>	<u>38,688</u>
Expenditures:			
Security of Persons/Property	517,001	513,808	3,193
Public Health and Welfare	137,219	133,213	4,006
Community Environment	620,492	549,909	70,583
General Government	685,154	666,714	18,440
Other Expenditures	200,171	111,464	88,707
Total Expenditures	<u>2,160,037</u>	<u>1,975,108</u>	<u>184,929</u>

The City's final revenues were just 0.8% 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. The final expenditures were about 9% under the final budget as well as the City continues to watch expenditures.

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, 2021, amounts to \$6.50 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 2021. The City has had limited funding to provide for governmental capital asset acquisition and construction. The City saw governmental-type activities capital assets add \$1.20 million with the construction projects but current year depreciation reduced the total almost \$0.73 million. The City purchased additional land in the water fund with proceeds from selling other property that added over \$1.82 million in capital asset. For more information on the governmental and business-type capital assets see Note 9 in the notes to the financial statements.

CITY OF TRENTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Long-term Debt: At the end of 2021, the City had \$4.83 million in revenue bonds outstanding on the refunding water system improvements bonds and \$2.45 million in general obligation bonds for the fire station project. The City ended the year with \$7.35 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 over 13,000 residents. The City is ideal for those families looking to locate here as the median age of the residents is just over thirty-two. Information is from April 2020 census <https://www.census.gov/quickfacts/fact/chart/trentoncityohio/POP010220>

The City's largest industries are supported by manufacturing as MillerCoors Brewery is located just outside of the City's southeastern corner. The City's full accrual income tax revenue increased about \$881,000 from 2020 (after increasing \$104,000 between 2020 and 2019). The income tax covers the general fund functions of the City by 155% (cash basis). This excess allows a significant amount of the general fund revenue to be transferred to the Police Levy fund to help support those operating expenditures.

The City continues to promote itself to business owners trying to increase retail and industrial growth. The City's outer limits are prime areas for development and will continue to emphasize those types of developments as the City has focused on creating an industrial park type development in the southeastern corner of the City including upgrading a significant portion of the infrastructure in the area. 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, 2021

	Governmental	Business-Type	Total	Component Unit
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 13,584,970	\$ 11,474,205	\$ 25,059,175	\$ 12,410
Receivables (net of allowance for doubtful accounts):				
Taxes - Real and Personal Property	2,348,314	-	2,348,314	-
Taxes - Municipal Income	989,995	-	989,995	-
Accounts	80,869	828,934	909,803	-
Interest	7,195	-	7,195	-
Loans	-	-	-	57,577
Payment in Lieu of Taxes	425,601	-	425,601	-
Due from Other Governments	640,097	-	640,097	-
Prepaid Bond Insurance	-	31,498	31,498	-
Net OPEB Asset	131,922	130,505	262,427	-
Nondepreciable Assets:				
Land	646,739	3,757,586	4,404,325	-
Construction In Progress	789,947	109,526	899,473	-
Depreciable Assets:				
Plant	-	5,643,568	5,643,568	-
Water and Sewer Lines	-	5,861,722	5,861,722	-
Buildings and Improvements	5,086,920	-	5,086,920	-
Improvements other than Buildings	3,490,329	695,100	4,185,429	-
Machinery, Equipment and Vehicles	5,395,469	2,934,602	8,330,071	-
Less: Accumulated Depreciation	(5,891,900)	(7,271,897)	(13,163,797)	-
Total Assets	27,726,467	24,195,349	51,921,816	69,987
Deferred Outflows of Resources:				
Pensions	907,105	213,068	1,120,173	-
OPEB	577,983	103,652	681,635	-
Deferred Charge on Refunding	-	229,280	229,280	-
Total Deferred Outflows of Resources	1,485,088	546,000	2,031,088	-
Liabilities:				
Accounts Payable	90,489	25,286	115,775	-
Contracts Payable	189,076	95,921	284,997	-
Retainage Payable	35,443	-	35,443	-
Accrued Wages and Benefits	131,280	52,370	183,650	-
Due to Other Governments	28,081	80,437	108,518	-
Deposits Payable	60,362	241,357	301,719	-
Unearned Revenues	688,267	-	688,267	-
Accrued Interest Payable	15,063	39,420	54,483	-
General Obligation Notes Payable	2,763,500	4,590,500	7,354,000	-
Long Term Liabilities due within 1 year	215,216	429,467	644,683	-
Long Term Liabilities due over 1 year				
Net Pension Liabilities	4,292,701	1,251,502	5,544,203	-
Net OPEB Liabilities	502,036	-	502,036	-
Other Long Term Liabilities	2,667,593	4,892,635	7,560,228	-
Total Liabilities	11,679,107	11,698,895	23,378,002	-
Deferred Inflows of Resources:				
Pensions	850,570	513,095	1,363,665	-
OPEB	553,264	443,943	997,207	-
Payments in Lieu of Taxes	425,601	-	425,601	-
Property Tax Levy for Next Fiscal Year	2,310,719	-	2,310,719	-
Total Deferred Inflows of Resources	4,140,154	957,038	5,097,192	-
Net Position:				
Net Investment in Capital Assets	4,259,777	2,237,768	6,497,545	-
Restricted:				
Grants	-	-	-	57,577
Transportation	518,412	-	518,412	-
Protection of Citizens	3,737,643	-	3,737,643	-
Debt Service	37,014	-	37,014	-
Capital Improvements	1,985,305	-	1,985,305	-
Unrestricted	2,854,143	9,847,648	12,701,791	12,410
Total Net Position	\$ 13,392,294	\$ 12,085,416	\$ 25,477,710	\$ 69,987

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Function/Programs	Expenses	Program Revenues		Capital		Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total		
Governmental Activities:									
Security of Persons and Property	\$ (3,956,751)	\$ 413,075	\$ -	\$ -	\$ (3,543,676)	\$ -	\$ (3,543,676)	\$ -	
Public Health and Welfare	(191,659)	-	62,681	-	(128,978)	-	(128,978)	-	
Leisure Time Activities	(61,582)	73,727	-	-	12,145	-	12,145	-	
Community Environment	(422,058)	391,995	-	-	(30,063)	-	(30,063)	-	
Transportation	(826,784)	33,009	1,042,639	-	248,864	-	248,864	-	
General Government	(421,848)	109,658	-	-	(312,190)	-	(312,190)	-	
Other Expenditures	(188,784)	105,585	-	-	(83,199)	-	(83,199)	-	
Interest and Fiscal Charges	(88,352)	-	-	-	(88,352)	-	(88,352)	-	
Total Governmental Activities	<u>(6,157,818)</u>	<u>1,127,049</u>	<u>1,105,320</u>	<u>-</u>	<u>(3,925,449)</u>	<u>-</u>	<u>(3,925,449)</u>	<u>-</u>	
Business-Type Activities:									
Water	(1,987,104)	2,621,950	-	4,647,435	-	5,282,281	5,282,281	-	
Sewer	(1,129,175)	2,056,184	-	533,275	-	1,460,284	1,460,284	-	
Stormwater Management	(254,865)	248,057	-	-	-	(6,808)	(6,808)	-	
Refuse	(1,229,858)	1,228,780	-	-	-	(1,078)	(1,078)	-	
Total Business -Type Activities	<u>(4,601,002)</u>	<u>6,154,971</u>	<u>-</u>	<u>5,180,710</u>	<u>-</u>	<u>6,734,679</u>	<u>6,734,679</u>	<u>-</u>	
Total	<u>\$ (10,758,820)</u>	<u>\$ 7,282,020</u>	<u>\$ 1,105,320</u>	<u>\$ 5,180,710</u>	<u>(3,925,449)</u>	<u>6,734,679</u>	<u>2,809,230</u>	<u>-</u>	
Component Unit:									
Community Improvement Corporation	\$ (5,613,933)	\$ -	\$ 2,062,854	\$ -				(3,551,079)	
General Revenues and Transfers:									
Income Taxes					3,009,219	-	3,009,219	-	
Property Taxes					2,248,828	-	2,248,828	-	
Franchise Fee Taxes					119,242	-	119,242	-	
Payment in Lieu of Taxes					397,148	-	397,148	-	
Permissive Sales Tax					101,341	-	101,341	-	
Grants and Contributions not restricted to specific programs					499,361	-	499,361	-	
Unrestricted investment earnings					(5,954)	13,877	7,923	780	
Miscellaneous					15,088	-	15,088	-	
Total General Revenues					6,384,273	13,877	6,398,150	780	
Transfers					9,000	(9,000)	-	-	
Intra-Entity Transfers					-	(3,550,311)	(3,550,311)	3,550,311	
Changes in Net Position					2,467,824	3,189,245	5,657,069	12	
Net Position - Beginning					10,924,470	8,896,171	19,820,641	69,975	
Net Position - Ending					<u>\$ 13,392,294</u>	<u>\$ 12,085,416</u>	<u>\$ 25,477,710</u>	<u>\$ 69,987</u>	

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Street	Police Levy	Fire Levy	Tax Increment Equivalent	Other Governmental Funds	Total Governmental Funds
Assets:							
Equity in Pooled Cash and Cash Equivalents	\$ 4,835,607	\$ 1,565,590	\$ 1,579,021	\$ 2,144,845	\$ 1,962,610	\$ 1,497,297	\$ 13,584,970
Receivables (net of allowance for doubtful accounts):							
Taxes - Real and Personal Property	669,415	-	947,053	731,846	-	-	2,348,314
Taxes - Municipal Income	989,995	-	-	-	-	-	989,995
Accounts	33,682	58	322	46,807	-	-	80,869
Interest	7,195	-	-	-	-	-	7,195
Payment in Lieu of Taxes	-	-	-	-	425,601	-	425,601
Due from Other Governments	150,222	369,654	18,357	55,665	-	46,199	640,097
Total Assets	6,686,116	1,935,302	2,544,753	2,979,163	2,388,211	1,543,496	18,077,041
Liabilities:							
Accounts Payable	57,294	9,805	16,055	7,335	-	-	90,489
Contracts Payable	14,706	174,370	-	-	-	-	189,076
Retainage Payable	-	35,443	-	-	-	-	35,443
Accrued Wages and Benefits	33,530	12,103	59,460	26,187	-	-	131,280
Due to Other Governments	12,607	2,171	6,500	6,803	-	-	28,081
Deposits Payable	60,362	-	-	-	-	-	60,362
Unearned Revenues	-	-	-	-	-	688,267	688,267
Accrued Interest Payable	266	8,254	213	559	-	-	9,292
General Obligation Notes Payable	250,000	1,787,500	200,000	526,000	-	-	2,763,500
Matured Leave Payable	18,863	-	-	-	-	-	18,863
Total Liabilities	447,628	2,029,646	282,228	566,884	-	688,267	4,014,653
Deferred Inflows of Resources:							
Property Tax Levy for Next Fiscal Year	657,914	-	932,278	720,527	-	-	2,310,719
Delinquent Property Tax	11,501	-	14,775	11,319	-	-	37,595
Payments in Lieu of Taxes Levied for Next Fiscal Year	-	-	-	-	425,601	-	425,601
Income Taxes	717,445	-	-	-	-	-	717,445
Intergovernmental Revenue	125,680	310,768	13,427	51,970	-	39,565	541,410
Miscellaneous Revenues	30,553	-	322	25,980	-	-	56,855
Total Deferred Inflows of Resources:	1,543,093	310,768	960,802	809,796	425,601	39,565	4,089,625
Fund Balances:							
Nonspendable	3,841	-	-	-	-	-	3,841
Restricted	242,914	-	1,301,723	1,602,483	1,962,610	608,184	5,717,914
Assigned	295,486	-	-	-	-	207,480	502,966
Unassigned	4,153,154	(405,112)	-	-	-	-	3,748,042
Total Fund Balances	4,695,395	(405,112)	1,301,723	1,602,483	1,962,610	815,664	9,972,763
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,686,116	\$ 1,935,302	\$ 2,544,753	\$ 2,979,163	\$ 2,388,211	\$ 1,543,496	\$ 18,077,041

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, 2021**

Fund Balances - Governmental Funds		\$ 9,972,763
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.		9,517,504
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows in the funds.		1,353,305
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	1,485,088	
Deferred Inflows - Pension/OPEB	(1,403,834)	
Net Pension/OPEB Liabilities/Asset	<u>(4,662,815)</u>	
Total		(4,581,561)
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>(2,869,717)</u>
Net Position of governmental activities		<u>\$ 13,392,294</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, 2021

	General	Street	Police Levy	Fire Levy	Tax Increment Equivalent	Other Governmental Funds	Total Governmental Funds
Revenues:							
Income Taxes	\$ 2,906,792	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,906,792
Property and Other Taxes	624,640	-	884,260	721,915	-	-	2,230,815
Intergovernmental	369,948	753,428	67,694	115,299	-	418,471	1,724,840
Charges for Services	119,346	-	-	216,312	-	-	335,658
Licenses and Permits	438,195	-	-	-	-	-	438,195
Investment Earnings	(15,458)	2,820	1,348	2,941	1,533	862	(5,954)
Special Assessments	105,084	-	-	-	-	-	105,084
Fines and Forfeitures	71,986	-	53,922	-	-	3,539	129,447
Payment in Lieu of Taxes	-	-	-	-	397,148	-	397,148
All Other Revenues	433,300	33,009	100,882	17,468	-	70,803	655,462
Total Revenues	5,053,833	789,257	1,108,106	1,073,935	398,681	493,675	8,917,487
Expenditures:							
Current:							
Security of Persons and Property	510,552	-	2,511,367	905,914	-	4,861	3,932,694
Public Health and Welfare	118,638	-	-	-	-	63,954	182,592
Leisure Time Activities	322,401	-	-	-	125	-	322,526
Community Environment	512,978	-	-	-	-	-	512,978
Transportation	-	1,600,438	-	-	-	320,483	1,920,921
General Government	649,945	-	-	-	-	-	649,945
Other	69,640	-	-	-	119,144	-	188,784
Capital Outlay	-	-	-	-	-	12,636	12,636
Debt Service:							
Principal Retirement	-	13,269	-	60,000	-	-	73,269
Interest and Fiscal Charges	266	8,731	2,780	76,288	-	386	88,451
Total Expenditures	2,184,420	1,622,438	2,514,147	1,042,202	119,269	402,320	7,884,796
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,869,413	(833,181)	(1,406,041)	31,733	279,412	91,355	1,032,691
Other Financing Sources (Uses):							
Transfers - In	18,000	-	1,775,000	-	-	62,500	1,855,500
Transfers - Out	(1,837,500)	(1,000)	(8,000)	-	-	-	(1,846,500)
Total Other Financing Sources (Uses)	(1,819,500)	(1,000)	1,767,000	-	-	62,500	9,000
Change in Fund Balance	1,049,913	(834,181)	360,959	31,733	279,412	153,855	1,041,691
Fund Balances at Beginning of Year	3,645,482	429,069	940,764	1,570,750	1,683,198	661,809	8,931,072
Fund Balances (Deficit) at End of Year	<u>\$ 4,695,395</u>	<u>\$ (405,112)</u>	<u>\$ 1,301,723</u>	<u>\$ 1,602,483</u>	<u>\$ 1,962,610</u>	<u>\$ 815,664</u>	<u>\$ 9,972,763</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, 2021

Net Change in Fund Balances - total governmental funds	\$ 1,041,691
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.	466,059
In the statement of activities, the loss on the disposal of capital assets is reported. Conversely, governmental funds do not report any gain or loss on the disposal of capital assets.	(14,970)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	125,891
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.	73,368
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.	206,813
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>(2,566)</u>
Change in net position of governmental activities	<u>\$ 2,467,824</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, 2021

GENERAL FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 565,000	\$ 565,000	\$ 624,640	\$ 59,640
Income Taxes	1,982,800	2,982,800	2,949,803	(32,997)
Intergovernmental	327,320	327,320	365,954	38,634
Charges for Services	122,330	122,330	119,346	(2,984)
Licenses and Permits	144,096	360,061	403,995	43,934
Investment Earnings	145,000	145,000	45,835	(99,165)
Special Assessments	90,940	90,940	105,084	14,144
Fines and Forfeitures	58,000	58,000	71,485	13,485
Other All Revenue	75,095	75,095	79,092	3,997
Total Revenue	3,510,581	4,726,546	4,765,234	38,688
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	517,001	517,001	513,808	3,193
Public Health and Welfare Services	172,119	137,219	133,213	4,006
Community Environment	308,992	620,492	549,909	70,583
General Government	652,154	685,154	666,714	18,440
Other	200,171	200,171	111,464	88,707
Total Expenditures	1,850,437	2,160,037	1,975,108	184,929
Excess of Revenues Over Expenditures	1,660,144	2,566,509	2,790,126	223,617
<u>Other Financing Sources (Uses):</u>				
Income Tax Refunds	(66,000)	(73,140)	(73,140)	-
Sale of Capital Assets	-	375,000	362,834	(12,166)
Transfers - Out	(2,011,500)	(2,072,260)	(2,055,750)	16,510
Total Other Financing Sources (Uses)	(2,077,500)	(1,770,400)	(1,766,056)	4,344
Change in Net Position	(417,356)	796,109	1,024,070	227,961
Fund Balances at Beginning of Year	2,794,838	2,794,838	2,794,838	-
Prior Year Encumbrances	135,382	135,382	135,382	-
Fund Balances at End of Year	\$ 2,512,864	\$ 3,726,329	\$ 3,954,290	\$ 227,961

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, 2021

STREET FUND

	Budget		Actual	Variance Postive (Negative)
	Initial	Final		
Revenues:				
Intergovernmental	\$ 756,800	\$ 721,496	\$ 749,155	\$ 27,659
Investment Earnings	3,800	3,800	2,820	(980)
Other All Revenue	22,590	22,590	38,440	15,850
Total Revenue	783,190	747,886	790,415	42,529
Expenditures:				
Current:				
Transportation	989,699	1,238,699	2,035,068	(796,369)
Debt Service:				
Principal Retirement	73,442	73,442	69,018	4,424
Interest and Fiscal Charges	1,171	1,171	554	617
Total Expenditures	1,064,312	1,313,312	2,104,640	(791,328)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(281,122)	(565,426)	(1,314,225)	(748,799)
Other Financing Sources (Uses):				
Proceeds of Notes	37,500	1,787,500	1,787,500	-
Transfers - Out	(1,000)	(1,000)	(1,000)	-
Total Other Financing Sources (Uses)	36,500	1,786,500	1,786,500	-
Change in Net Position	(244,622)	1,221,074	472,275	(748,799)
Fund Balances at Beginning of Year	315,750	315,750	315,750	-
Prior Year Encumbrances	134,134	134,134	134,134	-
Fund Balances at End of Year	\$ 205,262	\$ 1,670,958	\$ 922,159	\$ (748,799)

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, 2021

POLICE LEVY FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 860,000	\$ 860,000	\$ 884,260	\$ 24,260
Intergovernmental	156,400	156,400	69,431	(86,969)
Investment Earnings	11,000	140	1,348	1,208
Fines and Forfeitures	47,670	47,670	53,922	6,252
Other All Revenue	84,500	84,500	131,414	46,914
	<u>1,159,570</u>	<u>1,148,710</u>	<u>1,140,375</u>	<u>(8,335)</u>
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	2,862,431	2,862,431	2,616,213	246,218
Debt Service:				
Principal Retirement	299,000	299,000	299,000	-
Interest and Fiscal Charges	6,279	6,279	2,974	3,305
	<u>3,167,710</u>	<u>3,167,710</u>	<u>2,918,187</u>	<u>249,523</u>
(Deficiency) of Revenues (Under) Expenditures	(2,008,140)	(2,019,000)	(1,777,812)	241,188
<u>Other Financing Sources (Uses):</u>				
Proceeds of Notes	200,000	200,000	200,000	-
Transfers - In	1,775,000	1,775,000	1,775,000	-
Transfers - Out	(8,000)	(8,000)	(8,000)	-
	<u>1,967,000</u>	<u>1,967,000</u>	<u>1,967,000</u>	<u>-</u>
Change in Net Position	(41,140)	(52,000)	189,188	241,188
Fund Balances at Beginning of Year	1,203,559	1,203,559	1,203,559	-
Prior Year Encumbrances	77,337	77,337	77,337	-
Fund Balances at End of Year	<u>\$ 1,239,756</u>	<u>\$ 1,228,896</u>	<u>\$ 1,470,084</u>	<u>\$ 241,188</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, 2021

FIRE LEVY FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
Revenues:				
Property and Other Local Taxes	\$ 730,000	\$ 730,000	\$ 721,915	\$ (8,085)
Intergovernmental	108,500	108,500	111,604	3,104
Charges for Services	213,480	213,480	231,462	17,982
Investment Earnings	20,270	2,270	2,941	671
Other All Revenue	25,530	8,385	60,473	52,088
	<u>1,097,780</u>	<u>1,062,635</u>	<u>1,128,395</u>	<u>65,760</u>
Expenditures:				
Current:				
Security of Persons and Property	1,037,701	1,147,701	1,115,983	31,718
Debt Service:				
Principal Retirement	615,000	615,000	615,000	-
Interest and Fiscal Charges	12,914	12,914	6,116	6,798
	<u>1,665,615</u>	<u>1,775,615</u>	<u>1,737,099</u>	<u>38,516</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(567,835)	(712,980)	(608,704)	104,276
Other Financing Sources (Uses):				
Proceeds of Notes	476,000	476,000	526,000	50,000
Transfers - Out	(135,000)	(135,000)	(135,000)	-
	<u>341,000</u>	<u>341,000</u>	<u>391,000</u>	<u>50,000</u>
Change in Net Position	(226,835)	(371,980)	(217,704)	154,276
Fund Balances at Beginning of Year	956,558	956,558	956,558	-
Prior Year Encumbrances	22,741	22,741	22,741	-
Fund Balances at End of Year	<u>\$ 752,464</u>	<u>\$ 607,319</u>	<u>\$ 761,595</u>	<u>\$ 154,276</u>

See accompanying notes to the basic financial statements

**CITY OF TRENTON, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2021**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Assets:					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 5,645,996	\$ 4,772,914	\$ 598,203	\$ 457,092	\$ 11,474,205
Receivables (net of allowances for doubtful accounts)					
Accounts	327,381	276,677	186,625	38,251	828,934
Total Current Assets	<u>5,973,377</u>	<u>5,049,591</u>	<u>784,828</u>	<u>495,343</u>	<u>12,303,139</u>
<i>Noncurrent Assets:</i>					
Net OPEB Asset	54,034	42,277	28,683	5,511	130,505
Prepaid Bond Insurance	31,498	-	-	-	31,498
Total Noncurrent Assets	<u>85,532</u>	<u>42,277</u>	<u>28,683</u>	<u>5,511</u>	<u>162,003</u>
<i>Nondepreciable Capital Assets:</i>					
Land	3,757,586	-	-	-	3,757,586
Construction in Progress	38,907	70,619	-	-	109,526
<i>Depreciable Capital Assets:</i>					
Plant	5,499,590	71,989	71,989	-	5,643,568
Water and Sewer Lines	3,416,736	2,444,986	-	-	5,861,722
Improvements Other than Buildings	453,553	94,470	-	-	695,100
Machinery, Equipment and Vehicles	1,673,411	737,981	202,984	320,226	2,934,602
Less: Accumulated Depreciation	(4,835,727)	(2,117,948)	(92,197)	(226,025)	(7,271,897)
Total Capital Assets (net of accumulated depreciation)	<u>10,004,056</u>	<u>1,302,097</u>	<u>182,776</u>	<u>241,278</u>	<u>11,730,207</u>
Total Noncurrent Assets	<u>10,089,588</u>	<u>1,344,374</u>	<u>211,459</u>	<u>246,789</u>	<u>11,892,210</u>
Total Assets	<u>16,062,965</u>	<u>6,393,965</u>	<u>996,287</u>	<u>742,132</u>	<u>24,195,349</u>
Deferred Outflows of Resources:					
Pensions	110,648	32,993	61,662	7,765	213,068
OPEB	47,026	43,926	9,195	3,505	103,652
Deferred Charge on Refunding	229,280	-	-	-	229,280
Total Deferred Outflows of Resources	<u>386,954</u>	<u>76,919</u>	<u>70,857</u>	<u>11,270</u>	<u>546,000</u>

**CITY OF TRENTON, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2021**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	\$ 13,180	\$ 4,555	\$ 4,560	\$ 2,991	\$ 25,286
Contracts Payable	-	-	95,921	-	95,921
Accrued Wages and Benefits	23,993	16,104	10,669	1,604	52,370
Due to Other Governments	5,553	72,225	2,231	428	80,437
Deposits Payable	-	-	-	241,357	241,357
Accrued Interest Payable	37,436	1,229	755	-	39,420
Notes Payable	4,415,500	137,500	37,500	-	4,590,500
Compensated Absences Payable - Current	29,348	22,098	5,911	14,460	71,817
OPWC Loans Payable - Current	-	42,650	-	-	42,650
Revenue Bonds Payable - Current	315,000	-	-	-	315,000
Total Current Liabilities	<u>4,840,010</u>	<u>296,361</u>	<u>157,547</u>	<u>260,840</u>	<u>5,554,758</u>
<i>Noncurrent Liabilities:</i>					
Compensated Absences Payable	48,658	36,636	32,522	1,250	119,066
OPWC Loans Payable	-	298,550	-	-	298,550
Refunded Revenue Bonds Payable	4,475,019	-	-	-	4,475,019
Net Pension Liability	600,122	329,497	278,184	43,699	1,251,502
Total Noncurrent Liabilities	<u>5,123,799</u>	<u>664,683</u>	<u>310,706</u>	<u>44,949</u>	<u>6,144,137</u>
Total Liabilities	<u>9,963,809</u>	<u>961,044</u>	<u>468,253</u>	<u>305,789</u>	<u>11,698,895</u>
Deferred Inflows of Resources:					
OPEB	166,469	130,248	130,248	16,978	443,943
Pensions	217,217	205,048	70,288	20,542	513,095
Total Deferred Inflows of Resources	<u>383,686</u>	<u>335,296</u>	<u>200,536</u>	<u>37,520</u>	<u>957,038</u>
Net Position:					
Net Investment in Capital Assets	1,027,817	823,397	145,276	241,278	2,237,768
Unrestricted	5,074,607	4,351,147	253,079	168,815	9,847,648
Total Net Position	<u>\$ 6,102,424</u>	<u>\$ 5,174,544</u>	<u>\$ 398,355</u>	<u>\$ 410,093</u>	<u>\$ 12,085,416</u>

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS				
	Water	Sewer	Refuse	Nonmajor Enterprise Funds	Totals
<u>Operating Revenues:</u>					
Charges for Services	\$ 2,578,618	\$ 2,048,822	\$ 1,228,226	\$ 248,057	\$ 6,103,723
Other Operating Revenues	43,332	7,362	554	-	51,248
Total Operating Revenues	<u>2,621,950</u>	<u>2,056,184</u>	<u>1,228,780</u>	<u>248,057</u>	<u>6,154,971</u>
<u>Operating Expenses:</u>					
Personal Services	354,197	134,572	324,864	37,756	851,389
Materials and Supplies	391,691	147,832	33,148	15,897	588,568
Contractual Services	606,500	715,787	821,534	157,164	2,300,985
Other Operating Expenses	105,408	48,751	32,057	16,348	202,564
Depreciation	264,701	78,809	17,022	27,700	388,232
Total Operating Expenses	<u>1,722,497</u>	<u>1,125,751</u>	<u>1,228,625</u>	<u>254,865</u>	<u>4,331,738</u>
Operating Income (Loss)	899,453	930,433	155	(6,808)	1,823,233
<u>Non-Operating Revenues (Expenses):</u>					
Investment Earnings	12,511	-	-	1,366	13,877
Interest and Fiscal Charges	(264,607)	(3,424)	(1,233)	-	(269,264)
Total Non-Operating Revenues (Expenses)	<u>(252,096)</u>	<u>(3,424)</u>	<u>(1,233)</u>	<u>1,366</u>	<u>(255,387)</u>
Income (Loss) Before Capital Grants, Contributions, and Transfers	647,357	927,009	(1,078)	(5,442)	1,567,846
Capital Grants and Contributions	4,647,435	533,275	-	-	5,180,710
Transfers Out	(3,000)	(3,000)	(3,000)	-	(9,000)
Intra-Entity Transfer Out to Component Unit	(3,550,311)	-	-	-	(3,550,311)
Total Capital Grants, Contributions, and Transfers	<u>1,094,124</u>	<u>530,275</u>	<u>(3,000)</u>	<u>-</u>	<u>1,621,399</u>
Change in Net Position	1,741,481	1,457,284	(4,078)	(5,442)	3,189,245
Total net position - Beginning	4,360,943	3,717,260	402,433	415,535	8,896,171
Total net position - Ending	<u>\$ 6,102,424</u>	<u>\$ 5,174,544</u>	<u>\$ 398,355</u>	<u>\$ 410,093</u>	<u>\$ 12,085,416</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, 2021

	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	\$ 2,485,699	\$ 1,998,281	\$ 1,192,859	\$ 294,502	\$ 5,971,341
Cash Paid for Employee Services and Benefits	(770,114)	(518,084)	(364,376)	(67,104)	(1,719,678)
Cash Paid to Suppliers for Goods and Services	(1,039,712)	(864,970)	(820,052)	(170,940)	(2,895,674)
Other Operating Revenues	54,102	14,803	6,110	-	75,015
Other Operating Expenses	(111,684)	(49,353)	(32,489)	(15,611)	(209,137)
Net Cash Provided by (Used for) Operating Activities	618,291	580,677	(17,948)	40,847	1,221,867
<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>					
Face Value from Sale of Notes	4,415,500	137,500	37,500	-	4,590,500
Capital Grants and Contributions	4,647,435	533,275	-	-	5,180,710
Acquisition and Construction of Capital Assets	(5,774,213)	(47,402)	(47,402)	-	(5,869,017)
Principal Paid on Notes	(6,043,750)	(255,750)	(55,750)	-	(6,355,250)
Principal Paid on Revenue Bonds	(310,000)	-	-	-	(310,000)
Principal Paid on OPWC Payable	-	(63,975)	-	-	(63,975)
Interest and Fiscal Charges Paid on All Debt	(204,037)	(2,543)	(554)	-	(207,134)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(3,269,065)	301,105	(66,206)	-	(3,034,166)
<u>Cash Flows from Investing Activities:</u>					
Interest	6,219	-	-	1,366	7,585
Net Cash Provided By Investing Activities	6,219	-	-	1,366	7,585
Net Change in Cash and Cash Equivalents	(2,647,555)	878,782	(87,154)	42,213	(1,813,714)
Cash and Cash Equivalents at Beginning of Year	8,293,551	3,894,132	685,357	414,879	13,287,919
Cash and Cash Equivalents at End of Year	<u>\$ 5,645,996</u>	<u>\$ 4,772,914</u>	<u>\$ 598,203</u>	<u>\$ 457,092</u>	<u>\$ 11,474,205</u>
Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ 899,453	\$ 930,433	\$ 155	\$ (6,808)	\$ 1,823,233
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities:					
Depreciation Expense	264,701	78,809	17,022	27,700	388,232
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
(Increase) Decrease in Accounts Receivable	(82,149)	(43,100)	(29,811)	122	(154,938)
Increase (Decrease) in Accounts Payables	(47,989)	3,009	2,734	1,543	(40,703)
Increase in Contracts Payables	-	-	31,555	-	31,555
(Decrease) in Accrued Wages and Benefits	(2,204)	(2,508)	(1,893)	(204)	(6,809)
Increase (Decrease) in Due to Other Governments	3,364	(2,813)	1,449	428	2,428
Increase (Decrease) in Compensated Absences Payable	(1,755)	(3,264)	(4,861)	1,055	(8,825)
Increase in Deposits Payable	-	-	-	47,489	47,489
(Decrease) for Pension/OPEB Related Items	(415,130)	(379,889)	(34,298)	(30,478)	(859,795)
Total Adjustments	(281,162)	(349,756)	(18,103)	47,655	(601,366)
Net Cash Provided by (Used by) Operating Activities	<u>\$ 618,291</u>	<u>\$ 580,677</u>	<u>\$ (17,948)</u>	<u>\$ 40,847</u>	<u>\$ 1,221,867</u>

Non-cash disclosure:

The City transferred land valued at \$3,550,311 to the Trenton Community Improvement Corporation (CIC) during the year.

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2021

	<u>Custodial Fund</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 18,504</u>
Liabilities:	
Accounts Payable	<u>3,937</u>
Net Position:	
Restricted For Individuals and Governments	<u>\$ 14,567</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, 2021

	<u>Custodial Fund</u>
Additions:	
Fine and Forfeitures	\$ 113,493
Deductions:	
Payments to others	105,699
Net Increase in Fiduciary Net Position	7,794
Net Position - Beginning	6,773
Net Position - Ending	\$ 14,567

See accompanying notes to the basic financial statements

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

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, 2021

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, 2021

The City reports the following major governmental funds:

General Fund

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

Street Fund

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

Police Levy Fund

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

Fire Levy Fund

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

Tax Increment Equivalent Fund

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

The City reports the following major enterprise funds:

Water Fund

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

Sewer Fund

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

Refuse Fund

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

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

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 2021 was (\$15,458), which includes \$0 assigned from other funds. The City reports a deficit from the negative change in the fair value of investments at year end.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

The Street, Police Levy, Fire Levy, Tax Increment Equivalent, and Motor Vehicle License Special Revenue Funds and Water, and Utility Deposit Enterprise Funds also received \$2,820, \$1,348; \$2,941; \$1,533; \$862; \$12,511; and \$1,366 respectively in interest during 2021.

During 2021, 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, 2021, which approximates fair value.

For 2021, there were no limitations or restrictions on any participants withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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

Capital assets and depreciation

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

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

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

Compensated absences

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

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

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Accrued Liabilities and Long-Term Obligations

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

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

Interfund transactions

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

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

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Fund Balance

The City reports the following categories of fund balance:

- Nonspendable fund balance relates to unclaimed funds.

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

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

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

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

Estimates

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

Net Position

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021, but which were levied to finance fiscal year 2022 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 asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exchange/Non-Exchange Transactions

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

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

Reconciliation of Government-Wide and Fund Financial Statements

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

An element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of \$9,517,404 difference are as follows:

Capital Assets	\$15,409,404
Accumulated Depreciation	(5,891,900)
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$9,517,504

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 (\$2,869,717) difference are as follows:

Loans Payable	(\$44,227)
Bonds Payable	(2,450,000)
Accrued Interest Payable	(5,771)
Compensated Absences	(369,719)
	(369,719)
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	(\$2,869,717)

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 \$466,059 are as follows:

Current capital additions	\$1,192,570
Depreciation Expense	(726,511)
Net Adjustment – capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$466,059

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 \$73,368 are as follows:

Principal paid on long term debt	\$73,269
Change in interest payable	99

Net Adjustment - current financial resources focus to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$73,368

3. Change in Accounting Principles

During fiscal year 2021, the City implemented GASB Statement No. 89 “Accounting for Interest Costs Incurred before the end of a construction period” The Statement establishes accounting requirements for interest cost incurred before the end of a construction period by requiring interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred and not included in the historical cost of the capital asset. The implementation of this standard did not have impact on the financial statements of the City.

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).

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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.)

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

	<u>General Fund</u>	<u>Street</u>	<u>Police Levy</u>	<u>Fire Levy</u>
GAAP Basis	\$1,049,913	(\$834,181)	\$360,959	\$31,733
Adjustments:				
Revenue Accruals	64,234	1,158	32,269	54,460
Proceeds of Notes	0	1,787,500	200,000	526,000
Expenditure Accruals	38,486	161,230	3,898	21,389
Encumbrances	(152,338)	(643,432)	(108,938)	(231,736)
Principal Retirement	0	0	(299,000)	(615,000)
Transfers	(236,250)	0	0	0
Fund Reclassification	260,025	0	0	(4,550)
Budget Basis	<u>\$1,024,070</u>	<u>\$472,275</u>	<u>\$189,188</u>	<u>(\$217,704)</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;

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

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

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

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

A. Deposits

At year-end, the carrying amount of the City's deposits was \$5,396,552. As of December 31, 2021, the CIC has \$12,410 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, 2021, \$2,877,872 of the City's bank balance of \$6,193,983 was exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Protection of City cash and deposits are provided by the Federal Depository Insurance Corporation (FDIC) as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Under the Ohio Pooled Collateral Program the Bank pledges (102% at December 31, 2021) 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, 2021 are summarized below:

<u>Categorized Investments</u>	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Investment Maturities (in Year)</u>		<u>Credit Rating(1)</u>	<u>Concentration Percentage</u>
			<u>Less than 1</u>	<u>1-5</u>		
STAR Ohio	\$18,845,858	NA	\$18,845,858	\$0	AAAm	95.76%
FFCB	99,662	Level 2	0	99,662	AA+	0.51%
FHLB	466,473	Level 2	0	466,473	AA+	2.37%
FHLMC	158,505	Level 2	0	158,505	AA+	0.80%
Money Market Funds	110,629	NA	110,629	0	AA+	0.56%
Total	<u>\$19,681,127</u>		<u>\$18,956,487</u>	<u>\$724,640</u>		

(1) Standard & Poor's

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Custodial Credit Risk

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

Interest Rate Risk

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

Concentration of Credit Risk

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

Fair Value Measurements

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

6. Property Taxes:

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Trenton. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2021, 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 2021 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$201,435,500
Public Utility Property	16,997,680
Total Property Tax	\$218,433,180

Property taxes receivable represents real and public utility property taxes, public utility taxes and outstanding delinquencies that are measurable as of December 31, 2021. 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 2021 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.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 2021, the proceeds were allocated to the General Fund. Net income tax revenue for 2021 was \$2,906,792.

8. Receivables:

Receivables at December 31, 2021, 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:

Fund/Description	Amount
<u>MAJOR FUNDS</u>	
<i>General Fund:</i>	
Local Government Revenue	\$141,870
Homestead and Rollback	8,352
Total General Fund	150,222
<i>Street Fund:</i>	
Motor Vehicle License Tax	41,362
Gas Tax	328,292
Total Street Fund	369,654
<i>Police Levy Fund:</i>	
Edgewood Schools and OVI Task Force	4,930
Homestead and Rollback	13,427
Total Police Levy Fund	18,357
<i>Fire Levy Fund:</i>	
Public Safety Grant	3,695
Homestead and Rollback	51,970
Total Fire Levy Fund	55,665
<u>NONMAJOR FUND</u>	
<i>Permissive Motor Vehicle License Fund</i>	
Permissive Tax	46,199
Total for Governmental Activities	\$640,097

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

9. Capital Assets;

Changes in Capital Assets during the year ended December 31, 2021, were as follows:

	Balance 12/31/20	Increases	Decreases	Balance 12/31/21
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$646,739	\$0	\$0	\$646,739
Construction In Progress	81,178	713,687	(4,918)	789,947
Total Capital Assets not being depreciated	727,917	713,687	(4,918)	1,436,686
Capital Assets, being depreciated:				
Buildings	5,086,920	0	0	5,086,920
Improvements other than Buildings	3,485,411	4,918	0	3,490,329
Machinery, Equipment and Vehicles	5,020,700	478,883	(104,114)	5,395,469
Total Capital Assets being depreciated	13,593,031	483,801	(104,114)	13,972,718
Accumulated Depreciation:				
Buildings	(1,156,836)	(103,498)	0	(1,260,334)
Improvements other than Buildings	(847,010)	(244,989)	0	(1,091,999)
Machinery, Equipment and Vehicles	(3,250,687)	(378,024)	89,144	(3,539,567)
Total Accumulated Depreciation	(5,254,533)	(726,511)	89,144	(5,891,900)
Net Capital Assets, being depreciated	8,308,498	(242,710)	(14,970)	8,080,818
Governmental Activities Capital Assets	\$9,066,415	\$470,977	(\$19,888)	\$9,517,504
Business Type Activities				
Capital Assets, not being depreciated				
Land	\$1,934,961	\$5,372,936	(\$3,550,311)	\$3,757,586
Construction In Progress	214,125	0	(104,599)	109,526
Total Capital Assets not being depreciated	2,149,086	5,372,936	(3,654,910)	3,867,112
Capital Assets, being depreciated				
Plant	5,643,568	0	0	5,643,568
Water and Sewer Lines	5,757,123	104,599	0	5,861,722
Improvements other than Buildings	480,318	214,782	0	695,100
Machinery, Equipment and Vehicles	2,653,303	281,299	0	2,934,602
Total Capital Assets being depreciated	14,534,312	600,680	0	15,134,992
Accumulated Depreciation:				
Plant	(1,793,406)	(109,593)	0	(1,902,999)
Water and Sewer Lines	(2,894,970)	(106,209)	0	(3,001,179)
Improvements other than Buildings	(136,375)	(24,219)	0	(160,594)
Machinery, Equipment and Vehicles	(2,058,914)	(148,211)	0	(2,207,125)
Total Accumulated Depreciation	(6,883,665)	(388,232)	0	(7,271,897)
Net Capital Assets, being depreciated	7,650,647	212,448	0	7,863,095
Business Type Activities Capital Assets	\$9,799,733	\$5,585,384	(\$3,654,910)	\$11,730,207

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

* Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Security of Persons and Property	\$352,068
Leisure Time Activities	22,365
Community Environment	1,758
Public Health and Welfare	14,352
Transportation	277,638
General Government	<u>58,330</u>
 Total Depreciation Expense - governmental activities	 <u><u>\$726,511</u></u>

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

Business Type Activities:	
Water	\$264,701
Sewer	78,809
Refuse	27,700
Non-major enterprise	<u>17,022</u>
 Total Depreciation Expense - business-type activities	 <u><u>\$388,232</u></u>

10. Defined Benefit Pension Plans:

Net Pension Liability

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

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

	State and Local	
2021 Statutory Maximum Contribution Rates		
Employer	14.0 %	
Employee	10.0 %	
2021 Actual Contribution Rates		
Employer:		
Pension	14.0 %	
Post-employment Health Care Benefits	0.0	
Total Employer	14.0 %	
Employee	10.0 %	

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$348,158 for the year ending December 31, 2021. Of this amount, \$10,121 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, 2021

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

	Police
2021 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee:	12.25 %
2021 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 \$276,642 for 2021. Of this amount \$11,718 is reported as accrued wages and benefits.

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

The net pension liability for OPERS was measured as of December 31, 2020, 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, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. 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:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability - Prior Measurement Year	0.014874%	0.0487890%	
Proportion of the Net Pension Liability - Current Measurement Year	0.015627%	0.0473840%	
Change in proportion	0.000753%	-0.001405%	
Proportionate Share of the Net Pension Liability	\$2,314,020	\$3,230,183	\$5,544,203
Pension Expense	\$131,112	\$345,093	\$476,205

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

At December 31, 2021, 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	\$ 106,422	\$ 199,747	\$ 306,169
Differences between expected and actual experience	-	135,033	135,033
Change in assumptions	-	54,171	54,171
City contributions subsequent to the measurement date	348,158	276,642	624,800
Total Deferred Outflows of Resources	<u>\$454,580</u>	<u>\$665,593</u>	<u>\$1,120,173</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$96,794	\$125,839	\$222,633
Net difference between projected and actual earnings on pension plan investments	901,937	156,716	1,058,653
Changes in proportion and differences	-	82,379	82,379
Total Deferred Inflows of Resources	<u>\$998,731</u>	<u>\$364,934</u>	<u>\$1,363,665</u>

\$624,800 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, 2022. 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:			
2022	(\$309,239)	\$64,263	(\$244,976)
2023	(92,404)	129,830	37,426
2024	(367,660)	(136,562)	(504,222)
2025	(123,006)	(30,337)	(153,343)
2026	0	(3,177)	(3,177)
Total	<u>(\$892,309)</u>	<u>\$24,017</u>	<u>(\$868,292)</u>

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2020 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, 2020 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: 0.50% simple through 2021, 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, 2021

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2020 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%	1.32%
Domestic equities	21%	5.64%
Real estate	10%	5.39%
Private equity	12%	10.42%
International equities	23%	7.36%
Other investments	9%	4.75%
Total	100%	5.43%

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 2020, 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 11.7% for 2020.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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	\$4,414,002	\$2,314,020	\$567,885

Changes Subsequent to the Measurement Date. In September 2021, the Board approved several changes to the pension plan based on the completed five-year experience study covering the period 2016-2020. In addition to other changes, the Board approved to decrease the assumed pension investment rate of return from 7.20% to 6.90%. These changes are not reflected in the current measurement period but are expected to increase the associated pension liability.

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, 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.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2020, are presented below:

Valuation Date	January 1, 2020
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.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2020 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Core Fixed Income *	23.00	0.90
Private Credit	5.00	4.50
High Yield Fixed Income	7.00	3.00
Private Real Estate	12.00	5.30
Private Markets	8.00	6.40
Real Assets	8.00	5.80
Gold	5.00	1.90
U.S Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Total	<u>125.00 %</u>	
* levered 2.5x		

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City's proportionate share of the net pension liability	\$4,496,866	\$3,230,183	\$2,170,147

11. Net OPEB Asset/Liability

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

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

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

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

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

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.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 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 2021.

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

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

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent of covered payroll for police. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The 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.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

The City's contractually required contribution to OP&F was \$7,280 for 2021. Of this amount, \$309 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, 2019, rolled forward to the measurement date of December 31, 2020, 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, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. 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:

	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Asset/Liability:			
Current Measurement Date	0.014730%	0.0473840%	
Prior Measurement Date	<u>0.013918%</u>	<u>0.0487890%</u>	
Change in Proportionate Share	<u>0.0008120%</u>	<u>-0.0014050%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Asset/Liability	(\$262,427)	\$502,036	\$239,609
OPEB Expense/(Income)	(\$1,553,753)	\$76,513	(\$1,477,240)

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes of assumptions	\$ 129,013	\$ 280,106	\$ 409,119
Changes in proportionate share	68,523	196,713	265,236
City contributions subsequent to the measurement date	<u>0</u>	<u>7,280</u>	<u>7,280</u>
 Total Deferred Outflows of Resources	 <u>\$197,536</u>	 <u>\$484,099</u>	 <u>\$681,635</u>
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$237,219	\$83,333	\$320,552
Changes of assumptions	425,209	81,026	506,235
Net difference between projected and actual earnings on OPEB plan investments	139,772	18,851	158,623
Changes in proportionate share	<u>6,295</u>	<u>5,502</u>	<u>11,797</u>
 Total Deferred Inflows of Resources	 <u>\$808,495</u>	 <u>\$188,712</u>	 <u>\$997,207</u>

\$7,280 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 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2022	(\$315,247)	\$69,623	(\$245,624)
2023	(218,503)	74,096	(144,407)
2024	(60,739)	67,045	6,306
2025	(16,470)	66,252	49,782
2026	0	11,064	11,064
Thereafter	<u>0</u>	<u>27</u>	<u>27</u>
 Total	 <u>(\$610,959)</u>	 <u>\$288,107</u>	 <u>(\$322,852)</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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2019, rolled forward to the measurement date of December 31, 2020. 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	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.00 percent
Health Care Cost Trend Rate	8.5 percent, initial 3.50 percent, ultimate in 2035
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.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care’s portfolio’s target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	<u>9.00</u>	<u>4.02</u>
Total	<u>100.00 %</u>	<u>4.43 %</u>

Discount Rate A single discount rate of 6.0 percent was used to measure the OPEB asset/liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. 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 2.00 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB asset	(\$65,254)	(\$262,427)	(\$424,519)

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

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB asset/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 2021 is 8.50 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 asset	(\$268,823)	(\$262,427)	(\$255,271)

Changes between Measurement Date and Reporting Date

During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, 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, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum
Municipal Bond Index Rate	
Prior measurement date	2.75 percent
Current measurement date	2.12 percent
Single discount rate:	
Current measurement date	2.96 percent
Prior measurement date	3.56 percent

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

<u>Age</u>	<u>Police</u>
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, 2020, are summarized below:

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	<u>12.00</u>	5.30
 Total	 <u><u>125.00</u></u> %	

* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 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, 2021

Discount Rate

For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, 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 of 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 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

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

Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability	\$626,017	\$502,036	\$399,776

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 2021. The premium varies with each employee depending on the coverage elected such as employee only, employee plus spouse, employee plus children, or family plan. Dental insurance is offered to employees through Dental Care Plus for all full-time employees. The City pays 90 percent of the monthly premium and the employee pays for 10 percent of the monthly premium. The premium varies with each employee depending on the coverage elected, just as with healthcare. The City was given the option and chose to offer Blue View Vision to the employees. The premium varies with each employee depending on the coverage elected, just as with healthcare, and the employees pay 100% of the monthly premium. Life insurance is provided through Standard Life Insurance to all full-time employees with \$20,000 coverage at no cost to the employees.

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 2021. As noted above, the City pay 90% of the monthly premiums and the employee pays for 10% of the monthly premium.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2020 to December 20, 2021 and further extended to December 20, 2022. 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, 2020 to December 20, 2021 and further extended to December 20, 2022. The limit is \$100,000 and the deductible is \$1,000.

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

Workers' Compensation

For fiscal year 2021, the City participated in the Ohio Association of Public Treasurers Workers Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

14. Long-Term Obligations:

Changes in long-term obligations during 2021 were as follows:

	Balance 12/31/20	Increase	Decrease	Balance 12/31/21	Due within one year
Governmental Activities:					
Ohio Public Works Commission Loan (1)	\$57,496	\$0	\$13,269	\$44,227	\$8,846
General Obligation Bonds – Fire	2,510,000	0	60,000	2,450,000	60,000
Compensated Absences Payable	367,152	236,953	215,523	388,582	146,370
Net Pension Liability					
OPERS	1,377,081	0	314,563	1,062,518	0
OP&F	3,286,667	0	56,484	3,230,183	0
Net OPEB Liability					
OPERS	950,833	0	950,833	0	0
OP&F	481,920	20,116	0	502,036	0
Total – Governmental Activities	<u>9,031,149</u>	<u>257,069</u>	<u>1,610,672</u>	<u>7,677,546</u>	<u>215,216</u>
Business -Type Activities:					
Refunding Water Revenue Bond	5,140,000	0	310,000	4,830,000	315,000
Discount on Revenue Bonds	(43,057)	3,076	0	(39,981)	0
Ohio Public Works Commission Loan (1)	405,175	0	63,975	341,200	42,650
Compensated Absences Payable	199,708	102,448	111,273	190,883	71,817
Net Pension Liability					
OPERS	1,562,686	0	311,184	1,251,502	0
Net OPEB Liability					
OPERS	971,604	0	971,604	0	0
Total – Business - Type Activities	<u>\$8,236,116</u>	<u>\$105,524</u>	<u>\$1,768,036</u>	<u>\$6,573,604</u>	<u>\$429,467</u>

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

In November 2019, the City issued \$2,565,000 in general obligation bonds at a variable interest rate between 2% and 3% over thirty years. Interest is paid semi-annually. The bond was issued for the improvements to the City's fire station. The bond will be paid from revenues derived from the fire tax levy and backed by the general revenue of the City. There was \$60,000 principal and \$70,450 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 \$310,000 in principal and \$145,868 in interest during the year from the pledged revenue in the water fund.

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

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

As of December 31, 2021, the City's overall voted legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$17,724,834 and the unvoted legal debt margin was \$6,803,175.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

**GOVERNMENTAL-TYPE
ACTIVITIES**

General Obligation Bonds

Years	Principal	Interest	Total
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	65,000	63,700	128,700
2027-2031	355,000	288,500	643,500
2032-2036	410,000	237,400	647,400
2037-2041	470,000	177,690	647,690
2042-2046	540,000	104,400	644,400
2047-2049	365,000	22,050	387,050
Totals	<u>\$2,450,000</u>	<u>\$1,163,540</u>	<u>\$3,613,540</u>

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

BUSINESS-TYPE ACTIVITIES

Water Refunding Revenue Bonds

Years	Principal	Interest	Total
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	345,000	107,606	452,606
2027-2031	1,890,000	385,560	2,275,560
2032-2034	1,285,000	84,336	1,369,336
Totals	<u>\$4,830,000</u>	<u>\$1,091,066</u>	<u>\$5,921,066</u>

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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>
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	42,650	0	42,650
2027-2030	127,950	0	127,950
Totals	<u>\$341,200</u>	<u>\$0</u>	<u>\$341,200</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>
2022	\$8,846	\$0	\$8,846
2023	8,845	0	8,845
2024	8,845	0	8,845
2025	8,845	0	8,845
2026	8,846	0	8,846
Totals	<u>\$44,227</u>	<u>\$0</u>	<u>\$44,227</u>

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

15. Short-Term Obligations:

Changes in short-term obligations during 2021 were as follows:

	Balance 12/31/20	Increase	Decrease	Balance 12/31/21
Governmental Funds				
Notes Payable – Building	\$48,750	\$32,500	\$48,750	\$32,500
Notes Payable – 2020 Equipment	7,000	5,000	7,000	5,000
Notes Payable – 2020 Police Levy	299,000	200,000	299,000	200,000
Notes Payable – 2020 Fire Truck/Equipment	615,000	526,000	615,000	526,000
Notes Payable – Gas extension	45,000	0	45,000	0
Notes Payable – Road Improvement	0	1,750,000	0	1,750,000
Notes Payable – Park Equipment	0	250,000	0	250,000
Total Governmental Funds	1,014,750	2,763,500	1,014,750	2,763,500
Enterprise Funds				
Notes Payable – Water	140,000	0	140,000	0
Notes Payable – Water Douglas Ave.	200,000	150,000	200,000	150,000
Notes Payable – Water Main Extension	293,000	243,000	293,000	243,000
Notes Payable – Land Acquisition	5,355,000	3,985,000	5,355,000	3,985,000
Notes Payable – Building	146,250	97,500	146,250	97,500
Notes Payable – 2020 Equipment	21,000	15,000	21,000	15,000
Notes Payable – Sewer Ext	200,000	100,000	200,000	100,000
Total Enterprise Funds	\$6,355,250	\$4,590,500	\$6,355,250	\$4,590,500

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 matured on November 10, 2021.

The \$130,000 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 \$130,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and mature on November 9, 2022.

The \$150,000 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 \$150,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and mature on November 9, 2022.

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 matured on November 10, 2021.

The \$15,000 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 \$15,000 notes issued on November 10, 2021 at a 0.75 percent interest rate and mature on November 9, 2022.

The \$200,000 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 \$200,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and mature on November 9, 2022.

The \$526,000 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 \$526,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and mature on November 9, 2022.

The \$243,000 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 \$243,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and mature on November 9, 2022.

The \$3,985,000 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 \$3,985,000 notes were issued on November 10, 2021 at a 0.75 percent interest rate and mature on November 9, 2022.

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

The \$1,750,000 notes were issued for road improvements in the City. They are backed by the full faith and credit of the respective operating revenue or general obligation credit of the City. The \$1,750,000 notes were issued on June 2, 2021 at a 0.875 percent interest rate and mature on June 15, 2022.

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

16. Transfers

Following is a summary of transfers in and out for all funds for 2021:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$18,000	\$1,837,500
Street	0	1,000
Police Levy	1,775,000	8,000
Water	0	3,000
Sewer	0	3,000
Refuse	0	3,000
Non-Major Governmental Funds	<u>62,500</u>	<u>0</u>
Total All Funds	<u>\$1,855,500</u>	<u>\$1,855,500</u>

The transfers from the general funds are to help support those various other functions. The General Fund transferred \$1,775,000 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, 2021

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 \$3,765 to OKI during 2021. 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, 2021

18. Fund Balance Allocation

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

Fund Balance	General	Street	Police Levy	Fire Levy	Tax Increment Equivalent	Other
Nonspendable:						
Unclaimed Monies	\$3,841	0	\$0	\$0	\$0	\$0
Restricted:						
Public Works	0		0	0	0	506,035
Public Safety	0	0	1,301,723	1,602,483	0	27,377
Debt Service	0	0	0	0	0	52,077
Capital Improvements	0	0	0	0	1,962,610	22,695
Cash Bond	242,914	0	0	0	0	0
Assigned:						
Employee accounts	999	0	0	0	0	0
Community Night Out	7,037	0	0	0	0	0
Capital Improvements	0	0	0	0	0	207,480
Parks	159,657					
Encumbrances	127,793	0	0	0	0	0
Unassigned						
Budget Stabilization	398,366	0	0	0	0	0
Unassigned	3,754,788	(405,112)	0	0	0	0
Total Fund Balance	\$4,695,395	(\$405,112)	\$1,301,723	\$1,602,483	\$1,962,610	\$815,664

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

CITY OF TRENTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

19. Contingent Liabilities:

Litigation

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

20. COVID 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City did receive COVID-19 funding from the American Rescue and Recovery Act totaling \$688,267. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

21. SUBSEQUENT EVENTS

The City issued \$1,750,000 in bond anticipations notes for road improvements in June 2022.

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 EIGHT FISCAL YEARS (1) (2)

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

(1) Information prior to 2014 is not available

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

Notes to the Schedule:

For fiscal year 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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	\$ 348,158	\$ 318,626	\$ 297,379	\$ 288,613	\$ 253,699	\$ 224,100	\$ 225,133	\$ 238,386	\$ 136,021	\$ 213,875
Contributions in Relation to the Contractually Required Contribution	<u>(348,158)</u>	<u>(318,626)</u>	<u>(297,379)</u>	<u>(288,613)</u>	<u>(253,699)</u>	<u>(224,100)</u>	<u>(225,133)</u>	<u>(238,386)</u>	<u>(136,021)</u>	<u>(213,875)</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 2,486,843	\$ 2,275,900	\$ 2,124,136	\$ 2,061,521	\$ 1,951,531	\$ 1,867,500	\$ 1,876,108	\$ 1,986,550	\$ 1,046,315	\$ 2,138,750
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%

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

	2021	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	0.047384%	0.048789%	0.048190%	0.044437%	0.040913%	0.040075%	0.041303%	0.041303%
The City's Proportionate Share of the Net Pension Liability	\$ 3,230,183	\$ 3,286,667	\$ 3,933,577	\$ 2,727,272	\$ 2,591,385	\$ 2,578,039	\$ 2,139,675	\$ 2,011,593
The City's Covered Payroll	\$ 1,296,984	\$ 1,306,500	\$ 1,201,911	\$ 1,038,763	\$ 950,253	\$ 911,205	\$ 684,442	\$ 863,584
The City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	249.05%	251.56%	327.28%	262.55%	272.70%	282.93%	312.62%	232.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

(1) Information prior to 2014 is not available

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

Notes to the Schedule:

For fiscal year 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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	\$ 276,642	\$ 246,427	\$ 248,235	\$ 228,363	\$ 197,365	\$ 180,548	\$ 173,129	\$ 122,036	\$ 110,107	\$ 131,583
Contributions in Relation to the Contractually Required Contribution	(276,642)	(246,427)	(248,235)	(228,363)	(197,365)	(180,548)	(173,129)	(122,036)	(110,107)	(131,583)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 1,456,011	\$ 1,296,984	\$ 1,306,500	\$ 1,201,911	\$ 1,038,763	\$ 950,253	\$ 911,205	\$ 684,442	\$ 863,584	\$ 1,032,024
Contributions as a Percentage of Covered Payroll	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	17.83%	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/ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS (1) (2)

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

(1) Information prior to 2017 is not available

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

Notes to the Schedule:

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

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

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ 19,515	\$ 37,350	\$ 37,522	\$ 39,731	\$ 10,463	\$ 85,550
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	(19,515)	(37,350)	(37,522)	(39,731)	(10,463)	(85,550)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 2,486,843	\$ 2,275,900	\$ 2,124,136	\$ 2,061,521	\$ 1,951,531	\$ 1,867,500	\$ 1,876,108	\$ 1,986,550	\$ 1,046,315	\$ 2,138,750
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%	4.00%

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

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

(1) Information prior to 2017 is not available

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

Notes to the Schedule:

Changes in benefit terms:

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

Change in assumptions:

In 2018, the single discount rate changed from 3.79% to 3.24%. In 2019, the single discount rate changed from 3.24% to 4.66%,. In 2020, the single discount rate changed from 4.66% to 3.56%. In 2021, the single discount rate changed from 3.56% to 2.96%

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	\$ 7,280	\$ 6,485	\$ 6,533	\$ 6,010	\$ 5,194	\$ 4,751	\$ 4,556	\$ 11,430	\$ 58,292	\$ 69,662
Contributions in Relation to the Contractually Required Contribution	(7,280)	(6,485)	(6,533)	(6,010)	(5,194)	(4,751)	(4,556)	(11,430)	(58,292)	(69,662)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 1,456,011	\$ 1,296,984	\$ 1,306,500	\$ 1,201,911	\$ 1,038,763	\$ 950,253	\$ 911,205	\$ 684,442	\$ 863,584	\$ 1,032,024
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	1.67%	6.75%	6.75%

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



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

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Trenton:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2021, 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, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist were not identified. We identified a certain deficiency in internal control, described in the accompany schedule of findings and responses as item 2021-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to the Finding

Government Audit Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompany schedule of findings and responses. 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 the response.

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 28, 2022

**City of Trenton
Schedule of Findings and Responses
Year Ended December 31, 2021**

2021-001 Financial Reporting

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

We proposed audit adjustments to correct:

- Intergovernmental revenue in the ARP Local Fiscal Recovery Fund
- Reporting of developer deposits in the General Fund
- Reporting of activity between the City and the discretely presented component Unit (Trenton Community Improvement Corporation)

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

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

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

City of Trenton
Schedule of Prior Audit Findings
Year Ended December 31, 2021

2020-001 **Financial Reporting**

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

Status: Repeated as Finding 2021-001.

OHIO AUDITOR OF STATE KEITH FABER



CITY OF TRENTON

BUTLER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/18/2022

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