

CITY OF TRENTON, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2021

CITY OF TRENTON, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2021

TABLE OF CONTENTS

	PAGE NO.
INTRODUCTORY SECTION	
List of Officials	5
FINANCIAL SECTION	
Independent Auditor's Report	7 - 8
Management's Discussion and Analysis	9 - 13
Basic Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Governmental Funds	
Balance Sheet	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Proprietary Funds	
Statement of Net Position	20
Statement of Revenues, Expenses and Changes in Net Position	21 - 22
Statement of Cash Flows	23
Notes to Financial Statements	24 - 47
REQUIRED SUPPLEMENTAL INFORMATION	
General Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	49 - 52
Community Redevelopment Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	53
Community Development Block Grant Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	54

CITY OF TRENTON, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2021

T A B L E O F C O N T E N T S

	PAGE NO.
Notes to Required Supplementary Information	55
Schedule of Proportionate Share of Net Pension Liability - Florida Retirement System and Health Insurance Subsidy Program	56
Schedule of Contributions - Florida Retirement System and Health Insurance Subsidy Program	57
Notes to Required Supplementary Information - Florida Retirement System and Health Insurance Subsidy Program	58 - 59
 COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards and State Financial Assistance	61
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	62
Independent Auditor's 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>	63 - 64
Management Letter	65 - 66
Independent Accountant's Report	67
Communication with Those Charged with Governance	68 - 69

INTRODUCTORY SECTION

CITY OF TRENTON, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2021

MAYOR

Wesley Lee Dean

CITY COMMISSION

Marcia Hellams

Randy Rutter

Craig Ruede

Cloud Haley

CITY CLERK/MANAGER

Lyle Wilkerson

CITY ATTORNEY

David M. Lang, Jr.

FINANCIAL SECTION



Richard C. Powell, Jr., CPA
Marian Jones Powell, CPA

1359 S.W. Main Blvd.
Lake City, Florida 32025
386 / 755-4200

Fax: 386 / 719-5504
admin@powellandjonescpa.com

INDEPENDENT AUDITOR'S REPORT

To the Mayor and the City Commission
City of Trenton, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each of the major funds of the City of Trenton, Florida as of and for the fiscal year ended September 30, 2021, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each of the major funds of the City of Trenton, Florida, as of September 30, 2021, and the respective

Florida Institute of Certified Public Accountants • American Institute of Certified Public Accountants

changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, on our consideration of the City of Trenton, Florida's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Trenton, Florida's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
June 28, 2022

CITY OF TRENTON, FLORIDA
Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the City of Trenton's (City) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

The City has implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized as applicable, and reported as either governmental or business-type activities. Governmental activities include basic services such as police and fire control, public works, parks and recreation, community development and general governmental administration. The City's water, sewer, and solid waste management services are reported as business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the City owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities also report capital assets and long-term liabilities. Governmental activities are reported on the accrual basis of accounting as are Business activities.
- The Statement of Activities focuses gross and net costs of the City's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City has three major governmental funds which are presented in separate columns. Statements for the City's proprietary fund follow the governmental funds and include net position, revenue, expenses and changes in net position, and cash flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

The MD&A is intended to serve as an introduction to the City's basic financial statements and to explain the significant changes in financial position and differences in operation between the current and prior years.

City as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2021 and 2020, follows:

Net Position at September 30, 2021 and 2020

	Governmental	Business-type	Total Government	
	Activities	Activities	2021	2020
Assets				
Cash and cash equivalents	\$ 1,954,847	\$ 1,806,976	\$ 3,761,823	\$ 3,012,359
Other assets	16,329	88,190	104,519	642,116
Capital assets	2,609,482	1,473,214	4,082,696	3,664,859
Total assets	<u>4,580,658</u>	<u>3,368,380</u>	<u>7,949,038</u>	<u>7,319,334</u>
Deferred outflows	167,104	64,984	232,088	445,448
Liabilities				
Current liabilities	53,827	247,899	301,727	261,385
Long-term liabilities	289,914	491,651	781,564	1,445,039
Total liabilities	<u>343,741</u>	<u>739,550</u>	<u>1,083,291</u>	<u>1,706,424</u>
Deferred inflows	468,026	182,010	650,036	43,633
Net Position				
Invested in capital assets, net of related debt	2,609,482	1,059,128	3,668,610	3,444,077
Restricted	823,071	-	823,071	677,549
Unrestricted	503,442	1,452,676	1,956,118	1,893,099
Total net position	<u>\$ 3,935,995</u>	<u>\$ 2,511,804</u>	<u>\$ 6,447,799</u>	<u>\$ 6,014,725</u>

57% of the City's net position reflects its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. 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.

Restricted assets of \$823,071 consist primarily of earmarked funds in the community redevelopment program. The balance of unrestricted net position is \$1,956,118.

The City's net position increased by \$433,074 or 7% over the year.

The following schedule provides a summary of the changes in net position. The increase in Business-type Activities net position is due to sound budgetary management. The increase during the year through Governmental Activities net position is also primarily due to sound budgetary management.

A condensed version of the Statement of Activities follows:

Change in Net Position
For the Fiscal Year Ended September 30, 2021 and 2020

	Governmental Activities	Business-type Activities	Total Government	
			2021	2020
Revenues				
Program revenues				
Charges for services	\$ 259,426	\$ 1,341,054	\$ 1,600,480	\$ 1,646,532
Grants and contributions	656,420	361,183	1,017,603	650,831
General revenues				
Taxes	760,403	-	760,403	700,638
Franchise fees	135,828	-	135,828	135,213
Licenses and permits	3,070	-	3,070	3,608
State shared revenues	163,388	-	163,388	135,241
Interest and other	84,966	2,693	87,659	319,662
Total revenues	<u>2,063,501</u>	<u>1,704,930</u>	<u>3,768,431</u>	<u>3,591,725</u>
Expenses				
General government	362,306	-	362,306	356,677
Public safety	549,238	-	549,238	348,519
Transportation	685,408	-	685,408	325,974
Economic environment	79,999	-	79,999	11,017
Culture/recreation	68,362	-	68,362	112,722
Interest on long-term debt	-	9,519	9,519	7,821
Water, sewer, and garbage services	-	1,580,525	1,580,525	1,707,095
Total expenses	<u>1,745,313</u>	<u>1,590,044</u>	<u>3,335,357</u>	<u>2,869,825</u>
Transfers	-	-	-	-
Change in net position	318,188	114,886	433,074	721,900
Beginning net position	<u>3,617,807</u>	<u>2,396,918</u>	<u>6,014,725</u>	<u>5,292,825</u>
Ending net position	<u>\$ 3,935,995</u>	<u>\$ 2,511,804</u>	<u>\$ 6,447,799</u>	<u>\$ 6,014,725</u>

Governmental activities:

Taxes provided 37% of the revenues for Governmental Activities, while grants and contributions provided 32%. Most of the Governmental Activities resources were spent for Transportation (39%), Public Safety (31%) and General Government (21%).

Business-type activities:

Business-type activities decreased the City's net position by \$114,886.

Budgetary Highlights

The General Fund's expenditures were \$119,213 less than were budgeted and revenues were less than the budgeted amounts by \$150,023.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2021, the City had \$4.08 million invested in capital assets, including police and fire equipment, park and recreation facilities, buildings, roads, bridges and water and sewer facilities. This amount represents a net increase (additions, deductions, and depreciation) of \$494,065 or 13.8% less than last year.

Capital Assets at September 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Non-depreciable assets:						
Land	\$ 115,213	\$ 115,213	\$ 123,840	\$ 123,840	\$ 239,053	\$ 239,053
Construction in progress	393,340	76,229	-	-	393,340	-
Depreciable assets:						
Buildings and improvements	1,138,739	1,138,739	4,001,760	4,001,760	5,140,499	5,140,499
Infrastructure	2,230,467	1,929,135	-	-	2,230,467	1,929,135
Equipment	1,469,553	1,426,838	940,308	899,375	2,409,861	2,326,213
Subtotal	5,347,312	4,686,154	5,065,908	5,024,975	10,413,220	9,634,900
Accumulated depreciation	(2,737,830)	(2,551,636)	(3,592,694)	(3,494,634)	(6,330,524)	(6,046,270)
Capital assets, net	\$ 2,609,482	\$ 2,134,518	\$ 1,473,214	\$ 1,530,341	\$ 4,082,696	\$ 3,588,630

Debt Outstanding

At year-end, the City had \$414,086 in debt outstanding versus \$220,782 the prior year, an increase of \$193,304.

Debt Outstanding at September 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
State revolving fund loan	\$ -	\$ -	\$ 172,962	\$ 220,782	\$ 172,962	\$ 220,782
State revolving fund loan	-	-	241,124	-	241,124	-
Total	\$ -	\$ -	\$ 414,086	\$ 220,782	\$ 414,086	\$ 220,782

More detailed information on the City long-term liabilities is presented in the notes to the financial statements.

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current unemployment rate for Gilchrist County is 2.2%, which is approximately the same as the City. This is higher than the prior year.
- The estimated population for the City in 2021 was 2,151 and is estimated to be approximately the same in 2022.
- The City levied ad valorem taxes during 2021 at 2.25 mills.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City Manager at 114 N. Main Street, Trenton, Florida 32693.

BASIC FINANCIAL STATEMENTS

**CITY OF TRENTON, FLORIDA
STATEMENT OF NET POSITION
September 30, 2021**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,954,847	\$ 1,806,976	\$ 3,761,823
Accounts receivable - net	15,413	89,106	104,519
Internal balances	916	(916)	-
Total current assets	1,971,176	1,895,166	3,866,342
Capital assets - net	2,609,482	1,473,214	4,082,696
Total assets	4,580,658	3,368,380	7,949,038
DEFERRED OUTFLOWS	167,104	64,984	232,088
LIABILITIES AND NET POSITION			
LIABILITIES			
Current liabilities			
Accounts payable	50,384	59,263	109,647
Accrued liabilities	1,900	1,038	2,938
Deposits	-	142,388	142,388
Current portion loans payable	-	42,085	42,085
Accrued compensated absences	1,543	3,125	4,669
Total current liabilities	53,827	247,899	301,727
Noncurrent liabilities			
Other liabilities			
Noncurrent portion loans payable	-	372,001	372,001
Accrued compensated absences	13,889	12,307	26,195
Net pension liability	276,025	107,343	383,368
Total noncurrent liabilities	289,914	491,651	781,564
Total liabilities	343,741	739,550	1,083,291
DEFERRED INFLOWS	468,026	182,010	650,036
NET POSITION			
Net investment in capital assets	2,609,482	1,059,128	3,668,610
Restricted	823,071	-	823,071
Unrestricted	503,442	1,452,676	1,956,118
Total net position	\$ 3,935,995	\$ 2,511,804	\$ 6,447,799

See notes to financial statements.

**CITY OF TRENTON, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - type Activities	Total
Governmental activities							
General government	\$ 362,306	\$ 218,202	\$ -	\$ -	\$ (144,104)	\$ -	\$ (144,104)
Public safety	549,238	34,624	-	-	(514,614)	-	(514,614)
Physical environment	-	-	242,312	398,983	641,295	-	641,295
Transportation	685,408	6,600	15,125	-	(663,683)	-	(663,683)
Economic environment	79,999	-	-	-	(79,999)	-	(79,999)
Culture/recreation	68,362	-	-	-	(68,362)	-	(68,362)
Total governmental activities	1,745,313	259,426	257,437	398,983	(829,467)	-	(829,467)
Business-type activities							
Water services	1,580,525	431,407	361,183	-	-	(787,935)	(787,935)
Garbage and solid waste services	-	479,251	-	-	-	479,251	479,251
Sewer services	-	427,517	-	-	-	427,517	427,517
Interest on long-term activities	9,519	-	-	-	-	(9,519)	(9,519)
Total business-type activities	1,590,044	1,338,175	361,183	-	-	109,314	109,314
Total government	3,335,357	1,597,601	618,620	398,983	(829,467)	109,314	(720,153)
			General revenues				
			Ad valorem taxes		259,972	-	259,972
			Sale and use taxes		214,646	-	214,646
			Franchise fees		135,828	-	135,828
			Utility services taxes		235,205	-	235,205
			Communications				
			service taxes		40,541	-	40,541
			Licenses and permits		10,039	-	10,039
			Local business tax		3,070	-	3,070
			State shared revenues		163,388	-	163,388
			Interest		2,280	2,693	4,973
			Miscellaneous		82,686	2,879	85,565
			Total general revenues		1,147,655	5,572	1,153,227
			Change in net position		318,188	114,886	433,074
			Net position beginning		3,617,807	2,396,918	6,014,725
			Net position ending		\$ 3,935,995	\$ 2,511,804	\$ 6,447,799

See notes to financial statements.

**CITY OF TRENTON, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2021**

	General Fund	Community Redevelopment Fund	Community Development Block Grant Fund	Total Governmental Funds
ASSETS				
Cash	\$ 1,165,458	\$ 789,289	\$ 100	\$ 1,954,847
Accounts receivable	15,413	-	-	15,413
Due from other funds	916	-	71,714	72,630
Total assets	1,181,787	789,289	71,814	2,042,890
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	12,352	-	38,032	50,384
Due to other funds	71,714	-	-	71,714
Accrued liabilities	1,900	-	-	1,900
Total liabilities	85,966	-	38,032	123,998
FUND BALANCES				
Restricted	-	789,289	33,782	823,071
Unassigned	1,095,821	-	-	1,095,821
Total fund balances	1,095,821	789,289	33,782	1,918,892
Total liabilities and fund balances	\$ 1,181,787	\$ 789,289	\$ 71,814	

Amounts reported for governmental activities in the statement of net position are different because:

Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 2,609,482

Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore are not reported in the governmental funds 167,104

Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore are not reported in the governmental funds (468,026)

Long-term liabilities are not due in the current period and, therefore, are not reported in the governmental funds (291,457)

Net position of governmental activities \$ 3,935,995

See notes to financial statements.

**CITY OF TRENTON, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2021**

	General Fund	Community Redevelopment Fund	Community Development Block Grant Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 780,976	\$ 115,255	\$ -	\$ 896,231
Licenses and permits	3,070	-	-	3,070
Intergovernmental	420,825	-	398,983	819,808
Charges for services	259,426	-	-	259,426
Miscellaneous	83,869	1,097	-	84,966
Total revenues	1,548,166	116,352	398,983	2,063,501
EXPENDITURES				
Current expenditures				
General government	678,695	-	-	678,695
Public safety	298,943	-	-	298,943
Transportation	551,794	-	-	551,794
Economic environment	-	21,770	58,229	79,999
Capital outlay				
General government	16,728	-	-	16,728
Public safety	38,192	-	-	38,192
Physical environment	-	10,039	307,072	317,111
Transportation	289,127	-	-	289,127
Total expenditures	1,877,444	31,809	365,301	2,274,554
Excess of revenues over expenditures	(329,278)	84,543	33,682	(211,053)
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(27,297)	27,297	-	-
Total other financing sources (uses)	(27,297)	27,297	-	-
Net change in fund balances	(356,575)	111,840	33,682	(211,053)
Fund balances at beginning of year	1,452,396	677,449	100	2,129,945
Fund balances at end of year	\$ 1,095,821	\$ 789,289	\$ 33,782	\$ 1,918,892

See notes to financial statements.

**CITY OF TRENTON, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2021**

Net change in fund balances - total governmental funds		\$ (211,053)
Governmental funds report capital outlay as expenditures and sale of capital items as revenues. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Expenditures for capital assets	\$ 661,158	
Less current year depreciation	<u>(186,194)</u>	474,964
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Net increase in compensated absences		2,895
Net increase in pension liability		656,936
Net change in pension deferral		<u>(605,554)</u>
Change in net assets of governmental activities		<u>\$ 318,188</u>

See notes to financial statements.

**CITY OF TRENTON, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 September 30, 2021**

	Enterprise Fund
ASSETS	
Current assets	
Cash	\$ 1,806,976
Accounts receivable	89,106
Total current assets	1,896,082
Fixed assets	
Land	123,840
Buildings	48,626
Improvements other than buildings	3,953,134
Equipment	940,308
Allowance for depreciation	(3,592,694)
Total fixed assets	1,473,214
Total assets	3,369,296
 DEFERRED OUTFLOWS	 64,984
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Current liabilities	
Accounts payable	59,263
Due to other funds	916
Accrued liabilities	1,038
Deposits	142,388
Current portion loan payable	42,085
Accrued leave payable	3,125
Total current liabilities	248,815
Noncurrent liabilities	
Other liabilities	
Accrued leave payable	12,307
Long-term liabilities	
Loan payable	372,001
Net pension liability	107,343
Total noncurrent liabilities	491,651
Total liabilities	740,466
 DEFERRED INFLOWS	 182,010
 NET POSITION	
Net investment in capital assets	1,059,128
Unrestricted	1,452,676
Total net position	\$ 2,511,804

See notes to financial statements.

CITY OF TRENTON, FLORIDA

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2021**

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Charges for services	
Water utility services	\$ 395,069
Water/sewer connection fees	12,681
Garbage/solid waste services	479,251
Sewer utility services	427,517
Penalties/late fees	23,657
Miscellaneous	
Other	2,879
Total operating revenues	<u>1,341,054</u>
OPERATING EXPENSES	
Water, sewer and solid waste services	
Personnel services	
Regular salaries and retirement	301,516
FICA	20,616
Life and health insurance	53,947
Workers compensation	12,196
Total personnel services	<u>388,275</u>
Operating expenses	
Accounting and auditing	6,559
Professional services	45,678
Administration	132,966
Contractual services	333,961
Communications	3,453
Freight and postage services	6,045
Depreciation	98,061
Utilities	45,449
Insurance	27,434
Repairs and maintenance	15,140
Training and education	285
Subscriptions	1,080
Other current charges and obligations	513
Rentals and leases	6,000
Tools and equipment	12,171
Operating supplies	75,970
Grant Expense	361,183
Pension Expense	20,302
Total operating expenses	<u>1,192,250</u>
Total utility services	<u>1,580,525</u>

See notes to financial statements.

CITY OF TRENTON, FLORIDA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2021

	Enterprise Fund
Operating loss	\$ (239,471)
NONOPERATING REVENUES (EXPENSES)	
Grant revenues	361,183
Interest revenue	2,693
Interest expense	(9,519)
Total nonoperating revenues (expenses)	354,357
Change in net position	114,886
Net position, beginning of year	2,396,918
Net position, end of year	\$ 2,511,804

See notes to financial statements.

**CITY OF TRENTON, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended September 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 1,702,727
Cash payments for goods and services	(1,265,749)
Cash payments to employees for services	(370,130)
Net cash provided by operating activities	<u>66,848</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisitions of property and equipment	(40,934)
Principal paid on loan payable	193,304
Interest paid	(9,519)
Net cash provided by capital and related financing activities	<u>142,851</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	2,693
Net cash provided by investing activities	<u>2,693</u>
Net increase in cash and cash equivalents	212,392
Cash, beginning of year	<u>1,594,584</u>
Cash, end of year	<u>\$ 1,806,976</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	<u>\$ (239,471)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	98,061
Interest received on investments	2,693
Changes in assets decrease (increase) and liabilities (decrease) increase:	
Accounts receivable, net	(7,941)
Deferred outflows	41,601
Due from other governments	148,930
Accounts payable	38,000
Deferred inflows	172,608
Compensated absences	(2,157)
Customer deposits	10,664
Net pension liability	(196,140)
Total adjustments	<u>306,319</u>
Net cash provided by operating activities	<u>\$ 66,848</u>

See notes to financial statements.

CITY OF TRENTON, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Trenton (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34-Basic Financial Statement and Management's Discussion and Analysis - for State and Local Governments. As part of this statement, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, traffic signals, etc.). The City fully implemented the basic model in the FY 2003-2004, and has elected not to implement the retroactive infrastructure related portion as allowed by this statement.

A. Reporting Entity - The City of Trenton, Florida is a municipality created pursuant to provisions of Chapter 165, *Florida Statutes*, and was specifically organized under and derives its power from Chapter 27940 of the *Laws of Florida*. It is governed by a Mayor and a four member City Commission, all of whom are individually elected.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that the following component unit existed which should be included within the reporting entity.

City of Trenton Community Redevelopment Agency - This dependent special district was established for the fostering of economic development within the downtown district, by City Ordinances 2002-05, -06, and -07. The governing board is the City Commission which also establishes the agency's annual budget. This dependent special district is reported in the Community Redevelopment Fund in the City's financial statements as a special revenue fund.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the City are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from any legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the City also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

2. Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the City's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually, and nonmajor funds in the aggregate for governmental and enterprise funds.

Governmental Funds - 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 collected 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 60 days of the end of the current fiscal period. Expenditures generally are

recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, 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 to be measurable only when cash is received by the City.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be measure of “available spendable resources.” Governmental funds operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Any non-current portions of long-term receivables (special assessments) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds - The City's Water, Sewer, and Solid Waste Enterprise Fund is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The City applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

C. Basis of Accounting - GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures, expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The City has used GASB 34 minimum criteria for major fund determination. The City has four major funds as follows:

- 1. Governmental Major Funds:**
General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.
- 2. Community Redevelopment Fund** – Established by the City to account for financial transactions of the Community Redevelopment Agency, which was established by the City to foster development of the City’s downtown district.
- 3. Community Development Block Grant Fund** - Established by the City to administer the prior Community Development Block Grant Program, which was awarded the City by the Department of Community Affairs to make improvements to the downtown district.
- 4. Proprietary Major Fund:**
Enterprise Fund - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the City operated water, sewer, and solid waste disposal services.

D. Non-current Governmental Assets/Liabilities:

GASB Statement 34 requires non-current governmental assets, such as land and buildings, and noncurrent governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net position.

E. Assets, Liabilities and Net Position or Equity

- 1. Cash and Investments** - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.
- 2. Cash Equivalents** - For purposes of the statement of cash flows, the City considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. As of September 30, 2021, the City’s cash consisted solely of checking accounts and money market accounts; it has no other cash equivalents.
- 3. Allowance for Doubtful Accounts** - The City provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2021, this allowance account totaled \$31,880, based upon prior collection history. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2021.
- 4. Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All receivables are shown net of an allowance for doubtful accounts. Any receivables in excess of 180 days would comprise the trade accounts receivable allowance for doubtful accounts.

- 5. Inventories** - The costs of governmental inventories are generally recorded as expenditures when purchased rather than when consumed. The actual amounts of any such inventory type goods on hand at year end would not be material. Certain inventories consisting of repair items are recorded at cost.

6. **Restricted Assets** - Certain net position of the City are classified as restricted assets on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributions, or laws or regulations of other governments. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

The fund balance related to the City's Community Redevelopment Agency is also classified as restricted due to legal limitations on the use of these funds.

7. **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the City.

8. **Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are generally not reported. Donated capital assets are recorded at acquisition value at the date of donations.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City, as well as of component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	40
Machinery and equipment	5 - 10
Street and related infrastructure	20 - 40

9. **Capitalization of Interest** - Interest related to borrowings are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the City did not have any capitalized interest.

10. **Unearned Revenues** - Unearned revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

11. **Accrued Compensated Absences** - The City accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.

12. Proprietary Activity Accounting and Financial Reporting - The City applies all applicable Government Accounting Standards (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards (FASB) Statements and Interpretations. Accounting Principles Board (APB) Opinion and Account Research Bulletins (ARB's).

13. Fund Balances – Governmental Funds

As of September 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the City Commission. The City Commission is the highest level of decision-making authority for the Council. Commitments may be established, modified, or rescinded only through resolutions approved by the City Commission. There were no committed fund balances at year end.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under current practices, the assignment of amounts for specific purposes is approved by the City Commission.

Unassigned - all other spendable amounts.

As of September 30, 2021, fund balances are composed of the following:

<u>Fund</u>	<u>Restricted</u>	<u>Unassigned</u>
General	\$ -	\$ 1,095,821
Community Redevelopment	789,289	-
CDBG	33,782	-
	<u>\$ 823,071</u>	<u>\$ 1,095,821</u>

If an expenditure in a fund is allocable to either restricted or unassigned fund balance, priority is given to restricted.

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for being reported in this category as follows:

Pensions – Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between assumptions about future economic, demographic, or other input factors; or changes in the expected remaining service lives of all employees that are provided with pensions through each pension plan. Contributions to pension plans made subsequent to the measurement

date are also deferred and reduce net pension liability in the subsequent year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the City's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.

"Total fund balances" of the City's governmental funds \$1,918,892 differs from "net position" of governmental activities \$3,935,995 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 5,347,312
Accumulated depreciation	<u>(2,737,830)</u>
Total	<u>\$ 2,609,482</u>

Long-term debt transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2021, were:

Compensated absences	\$ (15,432)
Net pension liability	<u>(276,025)</u>
Total	<u>\$ (291,457)</u>

Deferred outflows/inflows of resources

Deferred outflows of resources represent a consumption of net position in a future period while deferred inflows of resources represent an acquisition of net position in a future period and accordingly, are not reported in the governmental fund statements. However, the statement of net position included those deferred outflows/inflows of resources.

Deferred outflows	\$ 167,104
Deferred inflows	<u>(468,026)</u>
Totals	<u>\$ (300,922)</u>

CITY OF TRENTON, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

	Total Governmental Funds	Capital Related Items	Deferred Inflows/Outflows	Long-Term Debt Transactions	Statement of Net Position
ASSETS					
Cash and cash equivalents	\$ 1,954,847	\$ -	\$ -	\$ -	\$ 1,954,847
Due from others	15,413	-	-	-	15,413
Due from other funds	72,630	-	-	-	72,630
Due from other governmental units	-	-	-	-	-
Capital assets - net	-	2,609,482	-	-	2,609,482
Total assets	2,042,890	2,609,482	-	-	4,652,372
DEFERRED OUTFLOWS					
	-	-	167,104	-	167,104
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	50,384	-	-	-	50,384
Accrued liabilities	1,900	-	-	-	1,900
Due to other funds	71,714	-	-	-	71,714
Accrued compensated absences	-	-	-	15,432	15,432
Net pension liability	-	-	-	276,025	276,025
Total liabilities	123,998	-	-	291,457	415,455
DEFERRED INFLOWS					
	-	-	468,026	-	468,026
Fund balances/net position	\$ 1,918,892	\$ 2,609,482	\$ (300,922)	\$ (291,457)	\$ 3,935,995

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for governmental funds \$(211,053) differs from the “change in net position” for governmental activities \$318,188 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decreased by the amount of depreciation expense charges for the year.

Capital outlay	\$ 661,158
Depreciation expense	<u>(186,194)</u>
Total	<u>\$ 474,964</u>

Long-term debt transactions

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net decrease in compensated absences	\$ 2,895
Net decrease in net pension liability	<u>656,936</u>
Total	<u>\$ 659,831</u>

Deferred outflows/inflows of resources

Recognition of certain obligations related to prior and subsequent periods are not recognized in governmental funds.

Change in pension deferral	\$ (605,554)
	<u>\$ (605,554)</u>

CITY OF TRENTON, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Differences Between Government Fund Operating Statements and the Statement of Activities

	Total Governmental Funds	Capital Related Items	Deferred Inflows/Outflows	Long-Term Debt/Elimination Transactions	Statement of Activities
REVENUES					
Taxes	\$ 896,231	\$ -	\$ -	\$ -	\$ 896,231
Licenses and permits	3,070	-	-	-	3,070
Intergovernmental	819,808	-	-	-	819,808
Charges for services	259,426	-	-	-	259,426
Miscellaneous	84,966	-	-	-	84,966
Total revenues	<u>2,063,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,063,501</u>
EXPENDITURES					
Current expenditures:					
General government	678,695	17,594	320,058	(654,041)	362,306
Public safety	298,943	18,835	231,460	-	549,238
Transportation	551,794	117,340	27,775	(11,501)	685,408
Economic environment	79,999	-	-	-	79,999
Culture/recreation	3,965	32,425	26,261	5,711	68,362
Capital outlay					
General government	16,728	(16,728)	-	-	-
Public safety	38,192	(38,192)	-	-	-
Transportation	289,127	(289,127)	-	-	-
Physical environment	317,111	(317,111)	-	-	-
Total expenditures	<u>2,274,554</u>	<u>(474,964)</u>	<u>605,554</u>	<u>(659,831)</u>	<u>1,745,313</u>
Excess of revenues over (under) expenditures	(211,053)	474,964	(605,554)	659,831	318,188
Net change in fund balance	(211,053)	474,964	(605,554)	659,831	318,188
Fund balance at beginning of year	<u>2,129,945</u>	<u>2,134,518</u>	<u>304,632</u>	<u>(951,288)</u>	<u>3,617,807</u>
Fund balance at end of year	<u>\$ 1,918,892</u>	<u>\$ 2,609,482</u>	<u>\$ (300,922)</u>	<u>\$ (291,457)</u>	<u>\$ 3,935,995</u>

NOTE 3. LEGAL COMPLIANCE–BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Manager develops a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted by the City Commission through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund must be approved by the City Commission.
5. Budgets for all City funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The bank balances of the City deposits were fully insured by federal depository insurance or pledged collateral under state law.

Investments. Under state law, the City is allowed to invest surplus funds in guaranteed obligations of the U.S. government, interest bearing accounts of financial institutions which are legally secured, and the Local Government Surplus Funds Trust Fund. At year end, invested funds consisted of certificates of deposit which were fully insured or collateralized. These investments are classified as Category 1 in accordance with GASB Standard No. 3, “Deposits with Financial Institutions, Investments, and Reserve Repurchase Agreements.” The City only invests in securities allowed by state law.

NOTE 5. PROPERTY TAX REVENUES

The City levied a property tax during the year. Although it was allowed by law to levy up to 10 mills of tax, the current year levy was set at 2.25 mills.

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2020-2021 fiscal year were levied in October 2020. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets:				
Not being depreciated:				
Land	\$ 115,213	\$ -	\$ -	\$ 115,213
CIP	76,229	317,111	-	393,340
Being depreciated:				
Buildings and improvements	1,138,739	-	-	1,138,739
Infrastructure	1,929,135	301,332	-	2,230,467
Equipment and vehicles	1,426,838	42,715	-	1,469,553
Total capital assets	4,686,154	661,158	-	5,347,312
Less accumulated depreciation	(2,551,636)	(186,194)	-	(2,737,830)
Governmental activities capital assets, net	<u>\$ 2,134,518</u>	<u>\$ 474,964</u>	<u>\$ -</u>	<u>\$ 2,609,482</u>
Business-type activities:				
Not being depreciated:				
Land	\$ 123,840	\$ -	\$ -	\$ 123,840
Being depreciated:				
Buildings	48,625	-	-	48,625
Improvements other than buildings	3,953,135	-	-	3,953,135
Equipment	899,375	40,933	-	940,308
Total capital assets	5,024,975	40,933	-	5,065,908
Less accumulated depreciation	(3,494,634)	(98,061)	-	(3,592,695)
Business-type activities capital assets, net	<u>\$ 1,530,341</u>	<u>\$ (57,128)</u>	<u>\$ -</u>	<u>\$ 1,473,213</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 17,594
Public safety	18,835
Transportation	117,340
Culture/recreation	32,425
Total depreciation expense - governmental activities	<u>\$ 186,194</u>
Business -type activities:	
Water and sewer utility	<u>\$ 98,061</u>

NOTE 7. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2021, were as follows:

	<u>Accounts</u>
Governmental activities:	
General	\$ 15,413
Business-type activities:	
Enterprise	<u>89,106</u>
	<u>\$ 104,519</u>

Based upon collection history, the City has included a reserve for doubtful accounts for its Enterprise Fund accounts receivable of \$31,880.

Payables

Payables at September 30, 2021, were as follows:

	<u>Accrued Vendor and Other Liabilities</u>	<u>Customer Deposits</u>	<u>Total Payables</u>
Governmental activities:			
General	<u>\$ 52,284</u>	<u>\$ -</u>	<u>\$ 52,284</u>
Business-type activities:			
Enterprise	<u>\$ 60,301</u>	<u>\$ 142,388</u>	<u>\$ 202,689</u>

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Inter fund balances for the year ended September 30, 2021, consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 916	\$ 71,714
Enterprise	-	916
CDBG	<u>71,714</u>	<u>-</u>
Total	<u>\$ 72,630</u>	<u>\$ 72,630</u>

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided and reimbursable expenditures occur.

Inter fund transfers for the year ended September 30, 2021, consisted of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers Out</u>
General	\$ -	\$ 27,297
Community Redevelopment	<u>27,297</u>	<u>-</u>
Total	<u>\$ 27,297</u>	<u>\$ 27,297</u>

During the year transfers are generally used to move revenues from the fund with collection authorization to other funds to provide subsidies.

NOTE 9. LONG-TERM LIABILITIES

Governmental Activities

A summary of all long-term debt associated with governmental activities, including compensated absences, of the City as of September 30, 2021, follows.

The following summarizes the changes in the City's governmental long-term liabilities during the year ended September 30, 2021:

	Balance October 1, 2020	Increases	Decreases	Balance September 30, 2021	Due Within One Year
Compensated absences	\$ 18,327	\$ -	\$ (2,895)	\$ 15,432	\$ 1,543
Net pension liability	932,961	-	(656,936)	276,025	-
	<u>\$ 951,288</u>	<u>\$ -</u>	<u>\$ (659,831)</u>	<u>\$ 291,457</u>	<u>\$ 1,543</u>

Business-type Activities

A summary of proprietary fund debt as of September 30, 2021, follows. All loan payments have been budgeted and paid from Enterprise Fund revenues.

A. Florida DEP Loan

As a financing component of its waste water improvement project; on July 14, 2003, the City obtained a loan from the Florida Department of Environmental Protection under its Clean Water State Revolving Fund program. This loan was in the initial amount of \$90,500 and was payable in 40 semi-annual payments of \$2,818 including interest at 1.74%. On October 26, 2004, this loan amount was increased by \$785,366 to \$875,866, with the same term and interest rate, and a semi-annual payment amount of \$26,671. On December 22, 2005, this loan amount was decreased by \$137,612 to \$738,254, with the same term and interest rate, and a semi-annual payment amount of \$22,475.

Scheduled payments dates are December 15 and June 15 annually. At year end, the balance of this loan was \$179,402. Debt service requirements for this loan, including interest of \$22,873 are as follows:

Fiscal Year Ending September, 30	Principal	Interest	Total
2022	\$ 42,085	\$ 2,865	\$ 44,950
2023	42,802	2,148	44,950
2024	43,531	1,419	44,950
2025	44,272	678	44,950
2026	6,712	15,763	22,475
	<u>179,402</u>	<u>22,873</u>	<u>202,275</u>

B. Florida DEP Loan

As a financing component of its drinking water improvement project; on February 24, 2021, the City obtained a loan from the Florida Department of Environmental Protection under its Drinking Water State Revolving Fund program. This loan was in the initial amount of \$719,845 and was payable in 40 semi-annual payments of \$19,795 including interest at 1.64%. As of September 30, 2021, \$241,124 had been drawn on this loan.

Scheduled payments dates are December 15 and June 15 annually. At year end, the balance of this loan was \$241,124. Debt service requirements for this loan, including interest of \$20,889 are as follows:

Fiscal Year Ending September, 30	Principal	Interest	Total
2022	\$ 23,605	\$ 3,976	\$ 27,580
2023	24,005	3,575	27,580
2024	24,413	3,168	27,580
2025	24,827	2,753	27,580
2026	25,248	2,332	27,580
2027 - 2030	119,026	5,085	124,112
	<u>\$ 241,124</u>	<u>\$ 20,889</u>	<u>\$ 137,902</u>

The State of Florida Department of Environmental Protection Revolving Fund loans above contain provisions that in the event of default and subject to the rights of superior liens on the pledged revenues, the lender may request a court to appoint a receiver to management the water and sewer systems, intercept the delinquent amount from any unobligated funds due to the City under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit ratings agencies and potential creditors, sue for payment of amounts due and may accelerate the repayment schedule or increase the interest rate on the unpaid principal on the loan to as much as 1.667 times the loan interest rate.

A summary of changes in proprietary fund long-term debt follows:

	Balance October 1, 2020	Increases	Decreases	Balance September 30, 2021	Due Within One Year
Loan payable - FDEP	\$ 220,782	\$ -	\$ (47,820)	\$ 172,962	\$ 42,085
SRF Loan	-	241,124	-	241,124	23,605
Compensated absences	17,589	3,247	-	20,836	3,125
Net pension liability	301,250	-	(193,907)	107,343	-
	<u>\$ 486,695</u>	<u>\$ 244,371</u>	<u>\$ (241,727)</u>	<u>\$ 542,265</u>	<u>\$ 68,815</u>

NOTE 10. COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS – FLORIDA RETIREMENT SYSTEM PENSION PLAN AND THE RETIREMENT HEALTH INSURANCE SUBSIDY PROGRAM

Florida Retirement System

General Information - All of the City's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, City, school board, state university, community college, or a participating city or special City within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site:

www.dms.myflorida.com/workforce_operations/retirement/publications.

FRS Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class

members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively, were as follows: Regular—10.00% and 10.82%; Special Risk Administrative Support—35.84% and 37.76%; Special Risk—24.45% and 25.89%; Senior Management Service—27.29% and 29.01%; Elected Officers—39.73% and 40.91%; and DROP participants—16.98% and 18.34%. These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled \$120,899 for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the City reported a liability of \$166,416 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportionate share of the net pension liability was based on the City's 2020-21 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2021, the City's proportionate share was 0.00220305%, which was a decrease of 5.64% from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$5,949. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 28,524	\$ -
Changes in assumptions	113,870	-
Net difference between projected and actual earnings on Pension Plan investments	-	580,582
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	29,180	49,099
Town Pension Plan contributions subsequent to the measurement date	<u>21,769</u>	<u>-</u>
Total	<u>\$ 193,343</u>	<u>\$ 629,681</u>

The deferred outflows of resources related to the Pension Plan, totaling \$21,769 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>FRS Expense</u>
2022	\$ (80,684)
2023	(94,085)
2024	(124,627)
2025	(159,701)
2026	989
Thereafter	-
Total	<u>\$ (458,108)</u>

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation
Discount note	6.80%

Mortality rates were based on the PUB-2010 Base Table generational mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.10%	2.10%	1.10%
Fixed income	20.00%	3.80%	3.70%	3.30%
Global equity	54.20%	8.20%	6.70%	17.80%
Real estate	10.30%	7.10%	6.20%	13.80%
Private equity	10.80%	11.70%	8.50%	26.40%
Strategic investments	3.70%	5.70%	5.40%	8.40%
	100.00%			
Assumed Inflation - Mean			2.40%	1.20%

*As outlined in the Pension Plan's Investment Policy

Discount Rate - The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	1 % Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
City's proportionate share of the net pension liability	\$ 744,224	\$ 166,416	\$ (316,566)

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2021, the City reported no payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2021.

HIS Plan

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2021, the HIS contribution for the period October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021 was 1.66% and 1.66%, respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$13,325 for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2021, the City reported a liability of \$216,952 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportionate share of the net pension liability was based on the City's 2020-21 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2021, the City's proportionate share was 0.0017686528%, which was a decrease of 2.87% from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$18,163. In addition the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,260	\$ 91
Changes in assumptions	17,048	8,939
Net difference between projected and actual earnings on HIS Plan investments	226	-
Changes in proportion and differences between Town HIS Plan contributions and proportionate share of contributions	11,492	11,325
Town HIS Plan contributions subsequent to the measurement date	2,719	-
Total	\$ 38,745	\$ 20,355

The deferred outflows of resources related to the HIS Plan, totaling \$2,719 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	HIS Expense
2022	\$ 4,316
2023	1,375
2024	2,837
2025	3,766
2026	2,816
Thereafter	561
Total	\$ 15,671

Actuarial Assumptions - The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.16%

Mortality rates were based on the PUB-2010 Base Table generational mortality using the gender specific MP-2018 mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through September 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	1 % Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
City's proportionate share of the net pension liability	\$ 250,818	\$ 216,952	\$ 189,207

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2021, the City reported no payable for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2021.

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2020-21 fiscal year, as established by Section 121.72, *Florida Statutes*, are

based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.0%, Senior Management Service class 7.67% and City Elected Officers class 11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City did not have any participants in the Investment Plan for the fiscal year ended September 30, 2021.

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Insurance against losses are provided for the following types of risk:

- Workers' Compensation and Employer's Liability
- General and Automobile Liability
- Real and Personal Property Damage
- Public Officials' Liability
- Accidental Death and Dismemberment

Settled claims from these risks have not exceeded commercial or worker's compensation insurance coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

NOTE 12. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial. The City is a defendant in two lawsuits.

Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) was characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB)

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the City or the retiree. Participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retirees are receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City’s younger and statistically healthier active employees. GASB Statement 45 requires governments to report this cost and related liability in its financial statements.

Due to the fact that there were no retirees participating in the plan during the year and it is anticipated that this situation will continue in the future due to the fact that most employees work until they are eligible for Medicare benefits, management had determined that the City’s OPEB obligation at year end would be of a de minimis amount. Management will monitor this situation in the future and take appropriate steps to properly comply with this GASB Statement.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF TRENTON, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2021**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Taxes			
Ad valorem taxes	\$ 136,429	\$ 144,717	\$ 8,288
Sales and use taxes			
Local option gas tax/ alternative fuel	40,254	43,199	2,945
Discretionary sales tax	131,364	171,447	40,083
Franchise fees			
Electricity	121,311	135,828	14,517
Utility service taxes			
Electricity	159,742	180,506	20,764
Water	34,645	38,960	4,315
Gas	11,535	15,739	4,204
Communications services tax	46,324	40,541	(5,783)
Local business tax	6,500	10,039	3,539
Total taxes	688,104	780,976	92,872
Licenses and permits			
Professional and occupational	7,765	-	(7,765)
Building and zoning permits	2,002	3,070	1,068
Total licenses and permits	9,767	3,070	(6,697)
Intergovernmental			
State grants			
Interlocal DOT agreement	18,061	15,125	(2,936)
Physcial environment grant	600,000	242,312	(357,688)
State shared revenues			
General government			
State revenue sharing	63,794	81,281	17,487
Mobile home licenses	1,612	1,171	(441)
Alcoholic beverage licenses	2,205	1,231	(974)
Local government half-cent sales tax	46,434	66,370	19,936
Parimutual tax	20,003	13,335	(6,668)
Total intergovernmental	752,109	420,825	(331,284)
Charges for services			
General government	100,159	218,202	118,043
Public safety	38,574	34,624	(3,950)
Human services	3,500	6,600	3,100
Total charges for services	142,233	259,426	117,193

See notes to financial statements.

**CITY OF TRENTON, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2021**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
Miscellaneous			
Interest	\$ 11,043	\$ 1,183	\$ (9,860)
Rentals and leases	9,666	7,700	(1,966)
Special assessments	80,180	63,725	(16,455)
Fines and forfeitures			
City fines	2,200	3,149	949
Other miscellaneous			
Other	2,887	8,112	5,225
Total miscellaneous	<u>105,976</u>	<u>83,869</u>	<u>(22,107)</u>
Total revenues	<u>1,698,189</u>	<u>1,548,166</u>	<u>(150,023)</u>
EXPENDITURES			
General government			
Legislative			
Personnel services	61,706	98,250	(36,544)
Operating expenses	106,679	1,508	105,171
Total legislative	<u>68,121</u>	<u>99,758</u>	<u>(31,637)</u>
Financial and administrative			
Personnel services	207,486	215,491	(8,005)
Operating expenses	43,946	308,405	(264,459)
Capital outlay	206,172	16,728	189,444
Total financial and administrative	<u>457,604</u>	<u>540,624</u>	<u>(83,020)</u>
Legal counsel			
Operating expenses	38,000	38,791	(791)
Comprehensive planning			
Operating expenses	15,000	16,250	(1,250)
Total general government	<u>578,725</u>	<u>695,423</u>	<u>(116,698)</u>

See notes to financial statements.

**CITY OF TRENTON, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2021**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
Public safety			
Law enforcement			
Personnel services	\$ 166,774	\$ 178,974	\$ (12,200)
Operating expenses	21,939	32,902	(10,963)
Capital outlay	19,486	34,283	(14,797)
Total law enforcement	<u>208,199</u>	<u>246,159</u>	<u>(37,960)</u>
Fire control			
Personnel services	27,059	33,398	(6,339)
Operating expenses	142,219	33,074	109,145
Capital outlay	52,030	3,909	48,121
Total fire control	<u>221,308</u>	<u>70,381</u>	<u>150,927</u>
Other public safety			
Operating expenses	20,129	20,595	(466)
Total public safety	<u>449,636</u>	<u>337,135</u>	<u>112,501</u>
Transportation			
Roads and streets			
Personnel services	109,946	97,749	12,197
Operating expenses	669,618	454,045	215,573
Capital outlay	138,678	289,127	(150,449)
Total transportation	<u>918,242</u>	<u>840,921</u>	<u>77,321</u>
Culture/recreation			
Parks and recreation			
Operating expenses	4,406	3,965	441
Total culture/recreation	<u>4,406</u>	<u>3,965</u>	<u>441</u>
Total expenditures	<u>1,996,657</u>	<u>1,877,444</u>	<u>119,213</u>
Excess of revenues over expenditures	<u>(298,468)</u>	<u>(329,278)</u>	<u>(30,810)</u>

See notes to financial statements.

**CITY OF TRENTON, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2021**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Interfund transfers in	\$ 22,617	\$ -	\$ (22,617)
Total other financing sources (uses)	<u>22,617</u>	<u>(27,297)</u>	<u>(49,914)</u>
Net change in fund balance	(275,851)	(356,575)	(80,724)
Fund balance at beginning of year	<u>1,452,396</u>	<u>1,452,396</u>	-
Fund balance at end of year	<u>\$ 1,176,545</u>	<u>1,095,821</u>	<u>\$ (80,724)</u>

See notes to financial statements.

CITY OF TRENTON, FLORIDA

**COMMUNITY REDEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2021**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES			
Taxes			
Ad Valorem Taxes	\$ 118,111	\$ 115,255	\$ (2,856)
Miscellaneous			
Interest	6,680	1,097	(5,583)
Total revenues	<u>124,791</u>	<u>116,352</u>	<u>(8,439)</u>
EXPENDITURES			
Economic environment			
Other economic environment			
Operating expenses	10,936	21,770	(10,834)
Capital outlay	-	10,039	(10,039)
Total expenditures	<u>10,936</u>	<u>31,809</u>	<u>(20,873)</u>
Excess of revenues over expenditures	<u>113,855</u>	<u>84,543</u>	<u>(29,312)</u>
OTHER FINANCING SOURCES			
Interfund transfers	-	27,297	27,297
Net change in fund balance	113,855	111,840	(2,015)
Fund balance at beginning of year	<u>677,449</u>	<u>677,449</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 791,304</u></u>	<u><u>\$ 789,289</u></u>	<u><u>\$ (2,015)</u></u>

See notes to financial statements.

CITY OF TRENTON, FLORIDA

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2021**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Intergovernmental			
Federal grants	\$ 398,983	\$ 398,983	\$ -
Total revenues	398,983	398,983	-
EXPENDITURES			
Economic environment			
Operating Expense	58,229	58,229	-
Capital outlay	307,072	307,072	-
Total expenditures	365,301	365,301	-
Excess of revenues over (under) expenditures	33,682	33,682	-
Net change in fund balances	33,682	33,682	-
Fund balance at beginning of year	100	100	-
Fund balance at end of year	\$ 33,782	\$ 33,782	\$ -

See notes to financial statements.

**CITY OF TRENTON, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021**

I. Stewardship, Compliance, and Accountability

A. Budgetary information. The City, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The City prepares a tentative budget, which is used by the City at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the City's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is the Enterprise Fund, where depreciation is not budgeted for capital assets, while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the Enterprise Fund. Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the City Commission.

If during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the City Commission, by resolution, may make supplemental appropriations for the year up to the amount of such excess.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in August and September to obtain taxpayer comments.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is the department level; however, the City Commission may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.
5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY OF TRENTON'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the FRS net pension liability (asset)	0.002203054%	0.002334681%	0.002337937%	0.002069269%	0.228719600%	2.002288810%	0.002240705%
City's proportionate share of the FRS net pension liability (asset)	\$ 166,416	\$ 1,011,885	\$ 805,153	\$ 623,275	\$ 676,537	\$ 577,926	\$ 289,417
City's proportion of the HIS net pension liability (asset)	0.001768653%	0.001820879%	0.001773415%	0.001668741%	0.148113600%	0.180736900%	0.175267100%
City's proportionate share of the HIS net pension liability (asset)	216,952	222,326	198,427	176,621	193,700	210,641	178,745
City's proportionate share of the total net pension liability (asset)	\$ 383,368	\$ 1,234,211	\$ 1,003,580	\$ 799,896	\$ 870,237	\$ 788,567	\$ 468,162
City's covered-employee payroll	\$ 634,116	\$ 596,705	\$ 596,705	\$ 566,029	\$ 558,715	\$ 574,585	\$ 554,096
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	60.46%	206.84%	168.19%	141.32%	155.76%	137.24%	84.49%
Plan fiduciary net position as a percentage of the total pension liability	91.05%	74.46%	78.22%	79.86%	79.30%	79.36%	92.00%

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY OF TRENTON'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS***

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 107,573	\$ 100,377	\$ 93,023	\$ 81,438	\$ 81,541	\$ 60,463	\$ 58,348	\$ 41,101
Contractually required HIS contribution	13,325	13,578	12,637	12,497	13,129	10,035	7,212	5,080
Total Contractually Required Contributions	120,898	113,955	105,660	93,935	94,670	70,498	65,560	46,181
Contributions in relation to the contractually required contribution	(120,898)	(113,955)	(105,660)	(93,935)	(94,670)	(70,498)	(65,560)	(46,181)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 634,116	\$ 596,705	\$ 596,705	\$ 566,029	\$ 558,715	\$ 574,585	\$ 554,096	\$ 472,893
Contributions as a percentage of covered-employee payroll	19.07%	19.10%	17.71%	16.60%	16.94%	12.27%	11.83%	9.77%

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
THE CITY OF TRENTON'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND
REQUIRED CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
For the Fiscal Year End September 30, 2021**

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of September 30, 2021, are shown below (in thousands):

	FRS	HIS
Total pension liability	\$ 209,636,046	\$ 12,719,121
Plan fiduciary net position	(202,082,183)	(452,618)
	\$ 7,553,863	\$ 12,266,503
 Plan fiduciary net position as a percentage of the total pension liability	96.40%	3.56%

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2021. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2021. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ending June 30, 2014, through June 30, 2021 respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2021, in addition to contributions from employers the required accrued contributions for the Division (paid on behalf of the Division's employees who administer the Plans) were allocated to each employer on a proportionate basis. The Division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable for that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflow of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008 through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both Plans is assumed at 2.40%. Payroll growth, including inflation, for both Plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the Generational RP-2000 with Projection Scale BB tables (refer to the valuation reports for more information – See Additional Financial and Actuarial Information).

The following changes in actuarial assumptions occurred in 2021:

- FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.
- HIS: The municipal bonds rate used to determine total pension liability was decreased from to 2.21% to 2.16%.

COMPLIANCE SECTION

CITY OF TRENTON, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended September 30, 2021

<u>Grantor/Program Title</u>	<u>CFDA # CFSA #</u>	<u>Contract Number</u>	<u>Award Amount</u>	<u>Reported in Prior Years</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
FEDERAL AWARDS						
U.S. Department of Housing & Urban Development						
Passed through Florida Department of Economic Opportunity						
Florida Small Cities Community Development Block Grant						
	14.228	19DB-ON-03-31-02-N25	\$ 650,000	\$ 55,449	\$ 317,869	\$ 317,869
TOTAL FEDERAL AWARDS			<u>\$ 650,000</u>	<u>\$ 55,449</u>	<u>\$ 317,869</u>	<u>\$ 317,869</u>
STATE FINANCIAL AWARDS						
Florida Department of Environmental Protection						
Small Community Wastewater Treatment Grant						
	37.075	SG057	\$ 102,347	\$ -	\$ 99,813	\$ 99,813
Florida Division of Emergency Management						
American Rescue Plan (ARPA)						
	21.027	Y5033	1,084,844	-	-	-
Florida Department of Transportation						
Small County Outreach Program						
	55.009	G1241	625,000	219,945	242,312	242,312
TOTAL STATE FINANCIAL ASSISTANCE			<u>1,812,191</u>	<u>219,945</u>	<u>342,125</u>	<u>342,125</u>
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 2,462,191</u>	<u>\$ 275,394</u>	<u>\$ 659,994</u>	<u>\$ 659,994</u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

CITY OF TRENTON, FLORIDA

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Fiscal Year Ended September 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance of the City of Trenton, Florida (the "City") have been designed to conform to generally accepted accounting principles as applicable to governmental units, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget *Uniform Guidance*.

A. Reporting Entity

This reporting entity consists of the City of Trenton, Florida, and each of its component units. The City includes a Schedule of Expenditures of Federal Awards and State Financial Assistance in the Compliance Section for the purpose of additional analysis.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The modified accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards and State Financial Assistance. Under the modified accrual basis, revenues are recognized when they become 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 Town considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

C. Grant Awards

As required by OMB *Uniform Guidance*, federal grant awards drawn and expended during the year are included in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**INDEPENDENT AUDITOR'S 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**

To the Mayor and Members
Of the City Commission
City of Trenton, Florida

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 and the business-type activities and the major fund of the City of Trenton, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Trenton, Florida's basic financial statements and have issued our report thereof dated June 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Trenton, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Trenton, Florida'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**2009-1 (Excess of second preceding year)
Financial Statement Preparation**

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the City does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the City is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

MANAGEMENT'S RESPONSE

We agree with this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Both staff and the City Commission review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the City Commission.

At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

This response was not subjected to the auditing procedures applied in the audit and thus we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Trenton, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

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*.

We also noted certain matters that we reported to management of the City of Trenton, Florida, in a separate "Management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General" dated June 28, 2022.

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 Organization'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.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
June 28, 2022

MANAGEMENT LETTER

To the Mayor and Members
of the City Commission
City of Trenton, Florida

In planning and performing our audit of the financial statements of the City of Trenton, Florida, for the year ended September 30, 2021, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter furnishes the following information required by Chapter 10.550, *Rules of the Auditor General*, and other compliance matters.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year applicable to the management letter.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year applicable to the management letter.

AUDITOR GENERAL COMPLIANCE MATTERS

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)5.b and 10.556(8)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

Financial Emergency Status - We determined that the City had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.554(1)(f).

Dependent Special District - As required by Section 218.39(3)(c), *Florida Statutes* and Section 10.554(1)(i)6 *Rules of the Auditor General*, the Trenton Community Redevelopment Agency (CRA) reported:

<u>Data Element</u>	<u>Reference</u>	<u>Comment</u>
The total number of CRA employees compensated in the last pay period of the CRA's fiscal year being reported.	Section 218.32(1)(e)(2)(a)	The CRA has no employees
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year being reported.	Section 218.32(1)(e)(2)(b)	The CRA had no independent contracts
All compensation earned by or awarded to the CRA employees, whether paid or accrued, regardless of contingency.	Section 218.32(1)(e)(2)(c)	N/A
Budget variance report based on the budget adopted under Section 189.016(4), <i>Florida Statutes</i> , before the beginning of the fiscal year being reported if the CRA amended a final adopted budget under Section 189.016(6), <i>Florida Statutes</i> .	Section 218.32(1)(e)(3)	See page 52 of this annual financial report.
Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project.	Section 218.32(1)(e)(2)(e)	None

CONCLUSION

We have reviewed each of our specific findings with appropriate officials or employees and have provided them with documentation as requested. We very much enjoyed the challenges and experiences associated with this year's audit of the City. We appreciate the helpful assistance and courtesy afforded us by all City employees and look forward to working with you in the future.

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES
Certified Public Accountants
Lake City, Florida
June 28, 2022

INDEPENDENT ACCOUNTANT'S REPORT

To the Mayor and Members
Of the City Commission
City of Trenton, Florida

We have examined the City of Trenton, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2021. We also examined the City's compliance with Sections 163.387(6) and (7), *Florida Statutes* regarding the City of Trenton Community Redevelopment Agency during the year ended September 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

This report is intended solely for the information and use of the City of Trenton, Florida and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
June 28, 2022

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Mayor and Members of the City Commission
City of Trenton, Florida

We have audited the financial statements of the City of Trenton, Florida for the year ended September 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Trenton, Florida, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the City of Trenton, Florida's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 28, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor and Members of the City Commission and management of the City of Trenton, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



POWELL & JONES

Certified Public Accountants

Lake City, Florida

June 28, 2022

RESPONSE LETTER GOES HERE