

CITY OF TRENTON, ILLINOIS

FINANCIAL STATEMENTS,
OTHER INFORMATION, AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDING
APRIL 30, 2019

CITY OF TRENTON, ILLINOIS

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CITY OF TRENTON, ILLINOIS

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C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

David M. Bartosiak

Cindy A. Tefteller

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Board of Aldermen
City of Trenton, Illinois;

We have audited the accompanying financial statements of the City of Trenton, Illinois as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion on Government-wide Financial Statements and Enterprise Funds

The City has not fully recorded fixed assets or infrastructure in the government-wide financial statements or enterprise fund activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the related funds and financial statements. The amount by which this departure would affect the assets, net position, and expenses of the governmental-wide financial statements and enterprise funds activities is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Government-wide Financial Statements and Enterprise Funds" paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide activities or the enterprise fund activities of the City of Trenton, as of April 30, 2019, or the changes in financial position-modified cash basis, thereof for the year ended in accordance with the basis of accounting as described in Note 1.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of each major governmental fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Trenton, Illinois, as of April 30, 2019, and the respective changes in financial position-modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Prior Period Restatement

As discussed in Note 15 to the financial statements, in 2019 the City restated beginning balance to reflect unrecorded debt and the related capital assets.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Trenton, Illinois' basic financial statements. The budgetary comparison information (pages 29 to 34), and the schedules of pension funding information (pages 35 to 36), which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The City has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a required 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. Our opinion on the basic financial is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Trenton, Illinois' basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Certified Public Accountants
Alton, Illinois
September 11, 2019

CITY OF TRENTON, ILLINOIS

STATEMENT OF NET POSITION (MODIFIED CASH BASIS) APRIL 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
<u>Assets</u>				
Cash and Cash Equivalents	\$ 2,192,621	\$ 259,560	\$ 2,452,181	\$ 120,143
Investments	193,684	156,376	350,060	-
Note Receivable	627	-	627	-
Capital Assets:				
Plant and Distribution Systems	-	7,275,408	7,275,408	-
Accumulated Depreciation	-	(1,110,813)	(1,110,813)	-
Total Assets	<u>\$ 2,386,932</u>	<u>\$ 6,580,531</u>	<u>\$ 8,967,463</u>	<u>\$ 120,143</u>
<u>Liabilities</u>				
Payroll Withholdings	\$ 1,479	\$ -	\$ 1,479	\$ -
Customer Deposits	-	19,700	19,700	-
Noncurrent Liabilities:				
Due Within One Year	31,433	305,688	337,121	-
Due In More Than One Year	<u>113,345</u>	<u>4,808,200</u>	<u>4,921,545</u>	<u>-</u>
Total Liabilities	<u>146,257</u>	<u>5,133,588</u>	<u>5,279,845</u>	<u>-</u>
<u>Net Position</u>				
Net Investment in Capital Assets	(144,778)	1,050,707	905,929	-
Restricted	880,282	-	880,282	-
Unrestricted	<u>1,505,171</u>	<u>396,236</u>	<u>1,901,407</u>	<u>120,143</u>
Total Net Position	<u>\$ 2,240,675</u>	<u>\$ 1,446,943</u>	<u>\$ 3,687,618</u>	<u>\$ 120,143</u>

The notes to the financial statements are an integral part of this statement

CITY OF TRENTON, ILLINOIS

**STATEMENT OF ACTIVITIES
(MODIFIED CASH BASIS)**

FOR THE YEAR ENDED APRIL 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Government Business-type Activities		
			Grants and Contributions	Contributions		Governmental Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 501,665	\$ 33,181	\$ 8,116	\$ -	\$ (460,368)	\$	\$ (460,368)	
Public Safety	489,753	32,383	25	-	(457,345)		(457,345)	
Highways and Streets	454,976	-	-	-	(454,976)		(454,976)	
Culture and Recreation	154,656	80,051	19,952	-	(54,653)		(54,653)	
Sanitation	263,616	257,821	-	-	(5,795)		(5,795)	
Economic Development	386,255	-	-	-	(386,255)		(386,255)	
Interest on Long-Term Debt	4,678	-	-	-	(4,678)		(4,678)	
Total Governmental Activities	2,255,599	403,436	28,093	-	(1,824,070)		(1,824,070)	
Business-type Activities:								
Water	518,455	501,543	-	-		\$ (16,912)	(16,912)	
Sewer	562,173	589,989	-	-		27,816	27,816	
Total Business-type Activities	1,080,628	1,091,532	-	-		10,904	10,904	
Total Primary Government	\$ 3,336,227	\$ 1,494,968	\$ 28,093	\$ -	(1,824,070)	10,904	(1,813,166)	
Component Unit:								\$ (58,193)
Library	\$ 66,242	\$ 3,712	\$ 4,337	\$ -				
General Revenues:								
Property Tax, Levied for General Purposes					566,593	8,721	575,314	65,407
Sales and Use Tax					639,377	-	639,377	-
Corporate Replacement Tax					10,705	-	10,705	-
State Income Tax					263,597	-	263,597	-
Motor Fuel Tax					69,125	-	69,125	-
Telecommunications Tax					34,575	-	34,575	-
Video Gaming Tax					22,169	-	22,169	-
Utility Tax					77,556	-	77,556	-
Franchise Fees					35,188	-	35,188	-
Unrestricted Investment Earnings					25,996	2,492	28,488	181
Miscellaneous					45,013	-	45,013	-
Transfers					4,583	(4,583)	-	-
Total General Revenues					1,794,477	6,630	1,801,107	65,588
Change in Net Position					(29,593)	17,534	(12,059)	7,395
Net Position - Beginning, As Restated					2,270,268	1,429,409	3,699,677	112,748
Net Position - Ending					\$ 2,240,675	\$ 1,446,943	\$ 3,687,618	\$ 120,143

The notes to the financial statements are an integral part of this statement

CITY OF TRENTON, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS GOVERNMENTAL FUNDS APRIL 30, 2019

	<u>General Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 479,542	\$ 475,766	\$ 788,709	\$ 448,604	\$ 2,192,621
Investments	193,684	-	-	-	193,684
Note Receivable	-	-	-	627	627
Due from Other Funds	<u>1,087</u>	<u>-</u>	<u>-</u>	<u>103</u>	<u>1,190</u>
Total Assets	<u>\$ 674,313</u>	<u>\$ 475,766</u>	<u>\$ 788,709</u>	<u>\$ 449,334</u>	<u>\$ 2,388,122</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Payroll Withholdings	\$ 1,479	\$ -	\$ -	\$ -	\$ 1,479
Due to Other Funds	<u>-</u>	<u>1,087</u>	<u>-</u>	<u>103</u>	<u>1,190</u>
Total Liabilities	<u>1,479</u>	<u>1,087</u>	<u>-</u>	<u>103</u>	<u>2,669</u>
Fund Balance:					
Nonspendable	-	-	-	627	627
Restricted	72,218	474,679	-	332,758	879,655
Committed	-	-	788,709	115,846	904,555
Unassigned	<u>600,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,616</u>
Total Fund Balance	<u>672,834</u>	<u>474,679</u>	<u>788,709</u>	<u>449,231</u>	<u>2,385,453</u>
Total Liabilities and Fund Balance	<u>\$ 674,313</u>	<u>\$ 475,766</u>	<u>\$ 788,709</u>	<u>\$ 449,334</u>	<u>\$ 2,388,122</u>

The notes to the financial statements are an integral part of this statement

CITY OF TRENTON, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF ASSETS,
LIABILITIES AND FUND BALANCES ARISING FROM MODIFIED
CASH BASIS TRANSACTIONS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED APRIL 30, 2019**

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 2,385,453
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	<u>(144,778)</u>
Net position of governmental activities	<u>\$ 2,240,675</u>

The notes to the financial statements are an integral part of this statement

CITY OF TRENTON, ILLINOIS

STATEMENT OF REVENUES AND EXPENDITURES
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

	General Fund	Tax Increment Financing Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Tax	\$ 227,531	\$ 239,890	-	\$ 99,172	\$ 566,593
Intergovernmental:					
Replacement Tax	10,705	-	-	-	10,705
Sales Tax	480,861	-	-	78,241	559,102
State Income Tax	263,597	-	-	-	263,597
Local Use Tax	80,275	-	-	-	80,275
Motor Fuel Tax	-	-	-	69,125	69,125
Telecommunications Tax	-	-	34,575	-	34,575
Video Gaming Tax	-	-	-	22,169	22,169
Grant	8,116	-	-	-	8,116
Utility Tax	38,778	-	-	38,778	77,556
Licenses and Permits	19,700	-	-	-	19,700
Charges for Services	271,302	-	-	80,051	351,353
Fines and Penalties	25,381	-	-	7,002	32,383
Franchise Fees	35,188	-	-	-	35,188
Investment Earnings	21,598	-	-	4,398	25,996
Contributions	20	-	-	19,957	19,977
Miscellaneous	42,999	-	-	2,014	45,013
Total Revenues	<u>1,526,051</u>	<u>239,890</u>	<u>34,575</u>	<u>420,907</u>	<u>2,221,423</u>
Expenditures:					
Current:					
General Government	410,512	-	-	91,153	501,665
Public Safety	488,733	-	-	1,020	489,753
Highways and Streets	293,257	-	26,105	135,614	454,976
Culture and Recreation	-	-	-	154,656	154,656
Sanitation	263,616	-	-	-	263,616
Economic Development	-	386,255	-	-	386,255
Debt Service:					
Principal	26,016	-	-	28,206	54,222
Interest	3,249	-	-	1,429	4,678
Total Expenditures	<u>1,485,383</u>	<u>386,255</u>	<u>26,105</u>	<u>412,078</u>	<u>2,309,821</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>40,668</u>	<u>(146,365)</u>	<u>8,470</u>	<u>8,829</u>	<u>(88,398)</u>
Other Financing Sources (Uses):					
Transfers In (Out)	<u>(32,623)</u>	<u>-</u>	<u>100,000</u>	<u>(62,794)</u>	<u>4,583</u>
Total Other Financing Sources (Uses)	<u>(32,623)</u>	<u>-</u>	<u>100,000</u>	<u>(62,794)</u>	<u>4,583</u>
Net Change in Fund Balances	8,045	(146,365)	108,470	(53,965)	(83,815)
Fund Balance, Beginning of Year	<u>664,789</u>	<u>621,044</u>	<u>680,239</u>	<u>503,196</u>	<u>2,469,268</u>
Fund Balance, End of Year	<u>\$ 672,834</u>	<u>\$ 474,679</u>	<u>\$ 788,709</u>	<u>\$ 449,231</u>	<u>\$ 2,385,453</u>

The notes to the financial statements are an integral part of this statement

CITY OF TRENTON, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES ARISING FROM MODIFIED CASH BASIS
TRANSACTIONS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2019

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

Net change in fund balances - total governmental funds	\$ (83,815)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.

54,222

Change in net position of governmental activities	<u>\$ (29,593)</u>
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The notes to the financial statements are an integral part of this statement

CITY OF TRENTON, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(MODIFIED CASH BASIS)
APRIL 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 304,511	\$ 304,511
Investments	109,737	46,639	156,376
Total Current Assets	109,737	351,150	460,887
Noncurrent Assets:			
Property, Plant and Equipment:			
Distribution and Collection Systems	2,037,744	5,237,664	7,275,408
	2,037,744	5,237,664	7,275,408
Less - Accumulated Depreciation	1,099,901	10,912	1,110,813
Net Property, Plant and Equipment	937,843	5,226,752	6,164,595
Total Assets	1,047,580	5,577,902	6,625,482
<u>Liabilities</u>			
Current Liabilities:			
Deficit Cash	44,951	-	44,951
Customer Deposits	19,700	-	19,700
Current Portion of Debt	67,761	237,927	305,688
Total Current Liabilities	132,412	237,927	370,339
Noncurrent Liabilities:			
Long Term Debt (Net of Current Portion)	242,702	4,565,498	4,808,200
Total Noncurrent Liabilities	242,702	4,565,498	4,808,200
Total Liabilities	375,114	4,803,425	5,178,539
<u>Net Position</u>			
Net Investment in Capital Assets	627,380	423,327	1,050,707
Unrestricted	45,086	351,150	396,236
Total Net Position	\$ 672,466	\$ 774,477	\$ 1,446,943

The notes to the financial statements are an integral part of this statement

CITY OF TRENTON, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenue:			
Charges for Services	\$ 498,721	\$ 587,029	\$ 1,085,750
Meters	950	-	950
Miscellaneous	1,872	2,960	4,832
Total Operating Revenue	<u>501,543</u>	<u>589,989</u>	<u>1,091,532</u>
Operating Expenses:			
Personal Services	213,237	213,841	427,078
Contractual Services and Other	41,438	159,387	200,825
Supplies and Materials	14,371	19,991	34,362
Water Purchased	163,681	-	163,681
Heat, Light and Power	8,184	46,061	54,245
Depreciation	67,925	10,912	78,837
Total Operating Expenses	<u>508,836</u>	<u>450,192</u>	<u>959,028</u>
Operating Income (Loss)	<u>(7,293)</u>	<u>139,797</u>	<u>132,504</u>
Nonoperating Revenues (Expenses):			
Property Tax	-	8,721	8,721
Interest Income	1,930	562	2,492
Interest Expense	(9,619)	(111,981)	(121,600)
Total Nonoperating Revenues (Expenses)	<u>(7,689)</u>	<u>(102,698)</u>	<u>(110,387)</u>
Income (Loss) Before Transfers and Contributions	(14,982)	37,099	22,117
Transfers and Contributions:			
Transfers:	(4,583)	-	(4,583)
Total Transfers and Contributions	<u>(4,583)</u>	<u>-</u>	<u>(4,583)</u>
Change in Net Position	(19,565)	37,099	17,534
Net Position, Beginning of Year, As Restated	<u>692,031</u>	<u>737,378</u>	<u>1,429,409</u>
Net Position, End of Year	<u>\$ 672,466</u>	<u>\$ 774,477</u>	<u>\$ 1,446,943</u>

The notes to the financial statements are an integral part of this statement

CITY OF TRENTON, ILLINOIS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (MODIFIED CASH BASIS) FOR THE YEAR ENDED APRIL 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 501,543	\$ 589,989	\$ 1,091,532
Payments to Suppliers	(283,132)	(280,898)	(564,030)
Payments to Employees	(157,779)	(158,382)	(316,161)
Net Cash Provided by Operating Activities	<u>60,632</u>	<u>150,709</u>	<u>211,341</u>
Cash Flows from Capital Financing Activities:			
Purchase of Fixed Assets	-	(220,235)	(220,235)
Payment of Debt Principal	(65,961)	(201,258)	(267,219)
Payment of Debt Interest	(9,619)	(111,981)	(121,600)
Proceeds from Loan	-	249,553	249,553
Net Cash Provided (Used) by Capital Financing Activities	<u>(75,580)</u>	<u>(283,921)</u>	<u>(359,501)</u>
Cash Flows from Investing Activities:			
Sale (Purchase) of Investments	(1,377)	(515)	(1,892)
Interest Income	1,930	562	2,492
Net Cash Provided by Investing Activities	<u>553</u>	<u>47</u>	<u>600</u>
Cash Flows from Non-Capital Financing Activities:			
Property Taxes	-	8,721	8,721
Transfer From (To) Other Funds	(4,583)	-	(4,583)
Customer Deposits	(525)	-	(525)
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>(5,108)</u>	<u>8,721</u>	<u>3,613</u>
Net Change in Cash and Cash Equivalents	(19,503)	(124,444)	(143,947)
Cash and Cash Equivalents, Beginning of Year	<u>(25,448)</u>	<u>428,955</u>	<u>403,507</u>
Cash and Cash Equivalents, End of Year	<u>\$ (44,951)</u>	<u>\$ 304,511</u>	<u>\$ 259,560</u>

The notes to the financial statements are an integral part of this statement

CITY OF TRENTON, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Income (Loss)	\$ (7,293)	\$ 139,797	\$ 132,504
Adjustments to Reconcile Net Income			
Net Cash Provided by Operating Activities:			
Depreciation	67,925	10,912	78,837
(Increase) Decrease in Assets:			
None	-	-	-
Increase (Decrease) in Liabilities:			
None	-	-	-
Net Cash Provided by Operating Activities	<u>\$ 60,632</u>	<u>\$ 150,709</u>	<u>\$ 211,341</u>

The notes to the financial statements are an integral part of this statement

CITY OF TRENTON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS APRIL 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT POLICIES

The City of Trenton ("City") operates on a Mayor-Board form of government and provides the following services as authorized by its charter: general administrative functions, public safety, streets and highways, culture and recreation, and sanitation. The City also provides utility services in the form of water and sewer. The financial statements of the City have been prepared in conformity with the modified cash basis of accounting as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

(a) The financial reporting entity

The City is a political subdivision of the State of Illinois. These financial statements present the government and all component units. Component units are legally separate entities for which the City is financially accountable. Component units, although legally separate entities, are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Trenton Public Library

The Trenton Public Library (Library) is governed by a separate Board of Directors. The Library provides services to residents within the geographic boundaries of the City. The City oversees the budget and levies taxes for the Library. The Library does not prepare separate financial statements.

(b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

function or segment. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program receipts are reported instead as general receipts.

Separate financial statements are provided for the governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

The government reports the following major governmental funds:

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

The Tax Increment Financing Fund accounts for the taxes received and the disbursements related to the operations of the tax increment financing area.

The Capital Improvements Fund is used to account for the funding and acquisition of major capital purchases not associated with the enterprise funds.

The government reports the following major proprietary funds:

The Water and Sewer Funds account for all activities related to the billing, administration, distribution and collection processes of the water and sewer utilities.

(c) Measurement focus, basis of accounting and financial statement presentation

The City maintains its government-wide financial statements and its fund financial statements on the modified cash basis of accounting. Accordingly, receipts are recorded when cash is received and disbursements are recorded when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund. Property taxes are recognized when they are received.

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating receipts of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating receipts the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating disbursements for enterprise funds include the cost of sales and services, administrative disbursements and depreciation on capital assets. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

(d) Assets, liabilities and net assets or equity

Deposits and investments

The City's cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity date of three months or less of the date issued.

The City is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities. The pension trust funds also invest limited percentages of their monies in mutual funds, corporate and municipal bonds, and equity securities. Investment income is recognized when received.

Deposits and investments are valued at fair market.

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". Balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Capital assets

The City currently reports capital assets only in the enterprise funds and business-like activities to the extent of the related debt of which the construction was associated. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Plant and Distribution Systems	30 - 40

Compensated absences

Sick leave is earned by City employees at the rate of 3 days per year (30 maximum). Employees are compensated for sick leave, upon retirement, at 50% of the accumulated amount. Terminated employees are not paid for accumulated sick leave. Personal days and vacation days are earned and eligible for use each January 1. The City requires that employees take their vacation annually on a calendar basis. Any liability related to compensated absences are not reported in the financial statements due to the City reporting on the modified cash basis of accounting.

Long-term obligations

All long-term debt of the City is reported as liabilities in the government-wide statements.

Long-term debt arising from transactions of the governmental funds is not reported as a liability in the governmental fund financial statements. The debt proceeds are reported as other financing sources and the payment of principal and interest is reported as disbursements.

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Net position classification

Government-wide statements

Net position is displayed as three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Remaining balance of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund financial statements

Governmental fund balance is classified upon the following criteria:

Nonspendable - balances that are not in "spendable" form and are not expected to be converted to cash. This category also includes funds required to be retained in perpetuity.

Restricted - balances with restrictions that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed - balances that are to be only used for specific purposes pursuant to constraints imposed by formal action of the City Council, the government's highest level of decision-making authority.

Assigned - balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - the residual classification of the City's fund balance.

When expenditures are incurred for which the City has both restricted and unrestricted funds available, the City spends any restricted funds before using unrestricted sources. Likewise, the City uses committed, assigned and then unassigned balances, in that order, when spending amounts for which all three categories are available.

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following details the description and amount of all constraints recorded by the City in the fund financial statements:

<u>Governmental Funds</u>		
Nonspendable:		
Note receivable		\$ 627
Restricted:		
Liability insurance tax		\$ 41,249
Tax increment financing		474,679
Recreation		34,599
Retirement Funds		96,288
Motor fuel tax		190,424
Community development		163
Dare funds		30,969
Police funds		11,284
		<u>\$ 879,655</u>
Committed:		
Capital improvements		<u>\$ 904,555</u>

(e) Appropriation accounting

The appropriation for all funds is prepared on the modified cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between appropriated and actual amounts. The appropriation was passed on June 25, 2018.

NOTE 2: DEPOSITS AND INVESTMENTS

As of April 30, 2019, the carrying amount of the City's deposits and investments was \$2,119,524 and the respective bank balances totaled \$2,245,289. The deposits were comprised of checking and interest checking accounts and certificates of deposits.

At April 30, 2019, the City had the following deposits and investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Illinois Funds	--	\$ 682,617
Petty Cash		100
Deposits as reported above		<u>2,119,524</u>
Total deposits and investments		<u>\$ 2,802,241</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 2,452,181
Investments		<u>350,060</u>
		<u>\$ 2,802,241</u>

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the City's Name.

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Interest Rate Risk. The City's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. As of April 30, 2019, the City did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2019, the City did not have foreign currency risk.

The Illinois Funds are pooled investments that are operated by the State of Illinois as a not-for-profit common law trust and are not registered with the SEC. The funds are monitored regularly through the State by internal and external audits. The goals of the funds are to provide liquidity and to maintain balances that are equal to the par value of the invested shares with no loss to market fluctuations. The fair value of the City's position in the pool is the same as the value of the pool shares. The Illinois Funds have an investment rating of AAAm by Standards and Poor as of April 30, 2019.

NOTE 3: LONG-TERM DEBT

Notes Payable

The City has the following notes payable as of April 30, 2019:

\$255,000 promissory note dated December 20, 2012 with Community Bank of Trenton to purchase a building. The note is to be repaid in 120 monthly installments of \$2,439 through December 19, 2022, including interest at 2.80%. This loan is being retired by the General Fund. The amount of the loan outstanding as of April 30, 2019 is \$101,859.

\$50,650 promissory note dated January 23, 2018 with Community Bank of Trenton to purchase a plot of land. The note is to be repaid in 120 monthly installments of \$481 through January 23, 2028, including interest at 2.65%. This loan is being retired by the Community Development Fund. The amount of the loan outstanding as of April 30, 2019 is \$42,919.

The City has also entered into a line of credit with the Community Bank of Trenton for \$50,000. The terms of the line of credit extend through April 24, 2021 and include interest on draws at the rate of 3.125%. The City did not make any draws on the line of credit or have any balance on the line of credit as of April 30, 2019.

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

\$458,568 Drinking Water Project Loan dated July 30, 2002 with the Illinois Environmental Protection Agency to provide for a new water storage tank and a new water distribution system. The loan will be repaid in semi-annual installments of \$15,484 through January 18, 2021, including interest at 2.905%. The note is being repaid by the Water Fund. The amount of the note outstanding as of April 30, 2019 is \$88,359.

\$694,229 Drinking Water Project Loan dated June 10, 2003 with the Illinois Environmental Protection Agency to provide for the replacement of an existing watermain. The loan will be repaid in semi-annual installments of \$22,305 through June 15, 2024, including interest at 2.57%. The note is being repaid by the Water Fund. The amount of the note outstanding as of April 30, 2019 is \$222,104.

\$4,975,365 Wastewater Project Loan dated November 11, 2016 with the Illinois Environmental Protection Agency to provide for the construction of a new wastewater treatment plant. The loan will be repaid in estimated semi-annual installments of \$148,390 through January 17, 2038, including interest at 1.75%. The note is being repaid by the Sewer Fund. The amount of the note outstanding as of April 30, 2019 is \$4,803,425.

The annual requirements to retire outstanding notes payable are as follows:

Fiscal Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 31,433	\$ 3,603	\$ 305,688	\$ 66,671
2021	32,328	2,709	287,442	84,917
2022	33,237	1,800	293,172	79,188
2023	24,383	899	267,827	73,562
2024	5,212	560	272,885	68,505
2025 - 2029	18,185	829	1,225,506	274,545
2030 - 2034	-	-	1,319,661	164,238
2035 - 2038	-	-	1,141,707	42,411
	<u>\$ 144,778</u>	<u>\$ 10,400</u>	<u>\$ 5,113,888</u>	<u>\$ 854,037</u>

The following is a summary of changes in long-term liabilities for the year ended April 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Government Activities:</u>					
Notes payable	<u>\$ 199,000</u>	<u>\$ -</u>	<u>\$ 54,222</u>	<u>\$ 144,778</u>	<u>\$ 31,433</u>
<u>Business-type Activities:</u>					
Notes payable	<u>\$ 5,131,553</u>	<u>\$ 249,553</u>	<u>\$ 267,218</u>	<u>\$ 5,113,888</u>	<u>\$ 305,688</u>

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4: LEGAL DEBT MARGIN

The computation of legal debt margin at April 30, 2019 is as follows:

Bonded Debt Limit*	\$ 3,979,581
Bonded Indebtedness	<u>144,778</u>
Legal Debt Margin	<u>\$ 3,834,803</u>

* The bonded indebtedness of the City is limited by Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes to 8.625% of the assessed valuation of taxable tangible property.

NOTE 5: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have not been any significant reductions in coverage from the prior year and claims have not exceeded coverages in the past three years.

NOTE 6: INTERFUND TRANSFERS

The City made the following interfund transfers during the year ended April 30, 2019:

General Fund Transfer From (To):	
Water Fund	\$ 4,583
MFT Fund	62,794
Capital Improvement Fund	(100,000)

Transfers between the governmental and business-type funds were made to provide sufficient funds to pay for expenses incurred in funds with related purposes.

NOTE 7: INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivable and payable balances as of April 30, 2019 are as follows:

General Fund Due from:	
Tax Increment Financing Fund	\$ 1,087
Retirement Fund Due from:	
Motor Fuel Tax Fund	<u>103</u>
	<u>\$ 1,190</u>

The interfund receivables/payables are short term in nature and are expected to be repaid in the subsequent year.

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8: PROPERTY TAXES

The City's property tax is levied each year on all taxable real property located in the City prior to or on the second Tuesday in December. The board passed the 2018 levy on December 26, 2018. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments. The County has not mailed 2018 tax levy tax bills as of April 30, 2019. Past mailing practices of the County have generally been subsequent to May 31 of each year. The City receives significant distributions of tax receipts beginning in July through September of each year.

	Maximum Rate	Tax Levy Year	
		2018	2017
Assessed Valuation		\$ 46,140,068	\$ 44,679,162
Rates:			
General	0.2500	0.25000	0.24423
IMRF		0.09753	0.05595
Police Protection	0.0750	0.07500	0.07327
Sewerage	0.0200	-	0.01954
Audit		-	0.01902
Liability Insurance		0.10457	0.06715
Street Lighting	0.0500	0.01084	0.04476
Playground & Recreation	0.0900	0.06502	0.08792
Civil Defense	0.0500	-	0.00244
Social Security		0.10295	0.07834
Crossing Guard	0.0200	-	0.01119
Total		0.70591	0.70381
Extensions:			
General		\$ 115,350	\$ 109,120
IMRF		45,000	24,998
Police Protection		34,605	32,736
Sewerage		-	8,730
Audit		-	8,498
Liability Insurance		48,249	30,002
Street Lighting		5,002	19,998
Playground & Recreation		30,000	39,282
Civil Defense		-	1,090
Social Security		47,501	35,002
Crossing Guard		-	5,000
Total		\$ 325,707	\$ 314,456
Collections - Year Ended:			
April 30, 2019		\$ -	\$ 314,148
Percent of Extension Collected		0.00%	99.90%

The property taxes reported as revenue in the April 30, 2019 financial statements are from the 2017 levy.

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9: RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

Plan Description. The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2018 was 9.64 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Covered Employees. The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	14
Inactive, non-Retired Members	15
Active Members	<u>17</u>
Total	<u>46</u>

Discount Rate. GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the following paragraph.

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.71%; and the resulting single discount rate is 7.25%.

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Actuarial Valuation Date	12/31/18
Measurement Date of the Net Pension Liability	12/31/18
Fiscal Year End	04/30/19

Development of the Single Discount Rate as of December 31, 2018

Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate	3.71%
Last year ending December 31 in the 2019 to 2118 projection period for which projected benefit payments are fully funded	2118
Resulting Single Discount Rate based on the above development	7.25%

Single Discount Rate calculated using December 31, 2017 Measurement Date 7.50%

The Long-Term Municipal Bond Rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2018.

Actuarial Assumptions. The following are the actuarial assumptions used in the calculation of the net pension liability.

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10 year rolling period Taxing bodies: 25 year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.750% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014. The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table.

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Net Pension Liability. The following is a summary of the Net Pension Liability as shown as a liability in the financial statements.

Total pension liability	
Service Cost	\$ 83,453
Interest on the Total Pension Liability	335,665
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	141,654
Changes of assumptions	119,612
Benefit payments, including refunds of employee contributions	(253,734)
Net change in total pension liability	\$ 426,650
Total pension liability - beginning	4,560,669
Total pension liability - ending	<u>\$ 4,987,319</u>
Plan fiduciary net position	
Contributions - employer	\$ 84,999
Contributions - employee	45,875
Net investment income	(256,842)
Benefit payments, including refunds of employee contributions	(253,734)
Other	102,659
Net change in plan fiduciary net position	\$ (277,043)
Plan fiduciary net position - beginning	4,493,555
Plan fiduciary net position - ending	<u>\$ 4,216,512</u>
Net pension liability/(asset)	<u>\$ 770,807</u>
Plan fiduciary net position as a percentage of the total pension liability	84.54%
Covered valuation payroll	\$ 881,726
Net pension liability as a percentage of covered valuation payroll	87.42%

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	Current Single Discount		
	1% Decrease 6.25%	Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 5,523,046	\$ 4,987,319	\$ 4,538,311
Plan Fiduciary Net Position	4,216,512	4,216,512	4,216,512
Net Pension Liability/(Asset)	<u>\$ 1,306,534</u>	<u>\$ 770,807</u>	<u>\$ 321,799</u>

Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses. The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 213,105	\$ 78,890
Changes in assumptions	84,814	79,879
Contributions subsequent to valuation date	25,958	-
Net difference between projected and actual earnings on pension plan investments	<u>533,926</u>	<u>230,674</u>
Total	<u>\$ 857,803</u>	<u>\$ 389,443</u>

Year Ending December 31,	Net Deferred Outflows of Resources
2019	\$ 168,896
2020	101,036
2021	79,550
2022	118,878
2023	-
Thereafter	<u>-</u>
	<u>\$ 468,360</u>

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 10: CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Plant and distribution systems	\$ 7,055,174	\$ 220,234	\$ -	\$ 7,275,408
Total capital assets being depreciated	<u>7,055,174</u>	<u>220,234</u>	<u>-</u>	<u>7,275,408</u>
Less accumulated depreciation for:				
Plant and distribution systems	<u>1,031,976</u>	<u>78,837</u>	<u>-</u>	<u>1,110,813</u>
Total accumulated depreciation	<u>1,031,976</u>	<u>78,837</u>	<u>-</u>	<u>1,110,813</u>
Total capital assets, being depreciated, net	<u>6,023,198</u>	<u>141,397</u>	<u>-</u>	<u>6,164,595</u>
Total capital assets, net	<u>\$ 6,023,198</u>	<u>\$ 141,397</u>	<u>\$ -</u>	<u>\$ 6,164,595</u>

Depreciation expense was charged to functions/programs as follows:

Depreciation expense – water activities	\$ 67,925
Depreciation expense – sewer activities	<u>10,912</u>
	<u>\$ 78,837</u>

The City has only partially reported capital assets in the business-type activities. The amounts reported are the additions directly related to the notes payable as presented in Note 3. The City has additional capital assets in the governmental activities and business-type activities that have not been tracked and are not included in the above table.

NOTE 11: TAX INCREMENT FINANCING DISTRICT

In 2002, the City established a Tax Increment Financing (TIF) District. Provisions for the establishment and operations of a TIF District are prescribed in the Illinois Compiled Statutes, Chapter 65, Act 5, Article 11-74.4. The objectives of the District are defined in a redevelopment plan adopted by the City and dated February 11, 2002.

Tax Incremental Financing (TIF) Funds have been established to account for the portion of taxes attributable to the increase in the current equalized assessed valuation of property within the TIF areas. Tax receipts are deposited into the TIF Funds to be used for paying the debt service on obligations incurred on project costs and for current expenditures for area improvements.

The City has entered into several property tax abatement agreements with local businesses as part of the TIF development. For the year ended April 30, 2019, the City paid property tax abatements of \$54,607. In addition the City made payments of \$112,355 towards renovation costs for businesses within the TIF area.

CITY OF TRENTON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12: ACTUAL EXPENDITURES IN EXCESS OF BUDGET

The actual expenditures for the Tax Increment Financing Fund of \$386,255 exceeded the budgeted amount of \$153,325 for the year ended April 30, 2019.

NOTE 13: NOTE RECEIVABLE – COMMUNITY DEVELOPMENT

During a prior year, the City extended a loan through the community development program to a local business in the amount of \$65,000. The loan was to be repaid over 10 years, including interest at 3.00%. The City held assets in the form of land, building and equipment as collateral for the loan. The balance as of April 30, 2019 on this note receivable is \$627.

NOTE 14: SUBSEQUENT EVENTS

The City has evaluated events occurring after the financial statement date through September 11, 2019 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

NOTE 15: PRIOR PERIOD RESTATEMENT

The City has restated the beginning balances of the financial statements to properly report long-term debt balances and the related capital assets as of April 30, 2018.

As a result of this restatement, the governmental activities beginning balance decreased by \$199,000 to report the beginning debt balances.

In addition, the enterprise funds and the business-type activities reported an increase in beginning balances to reflect capital assets of \$6,023,198 and debt balances of \$5,131,553 for an overall net increase of \$891,645.

CITY OF TRENTON, ILLINOIS

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

GENERAL FUND

FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Receipts:			
Property Tax			\$ 227,531
Intergovernmental:			
Replacement Tax			10,705
Sales Tax			480,861
State Income Tax			263,597
Local Use Tax			80,275
Grant			8,116
Utility Tax			38,778
Licenses and Permits			19,700
Charges for Services			271,302
Fines and Penalties			25,381
Franchise Fees			35,188
Investment Earnings			21,598
Contributions			20
Miscellaneous Receipts			42,999
Total Receipts			<u>1,526,051</u>
Disbursements:			
Administration:			
Salaries	151,000	151,000	146,949
Health Insurance	46,000	46,000	51,155
Training, Travel, and Dues	7,000	7,000	5,612
Annuity	3,200	3,200	2,550
Legal	15,000	15,000	14,938
Office Equipment	6,000	6,000	4,795
Office Supplies and Postage	2,200	2,200	1,878
Planning and Zoning	29,250	29,250	46,082
Printing and Publishing	2,500	2,500	1,368
Telephone	4,500	4,500	5,144
Internet Expense	2,000	2,000	1,495
Christmas Expense	600	600	89
Contingency	10,000	10,000	625
Auto Gas, Oil, Repairs	2,000	2,000	729
Comprehensive Plan	5,000	5,000	-
Code Update	7,000	7,000	6,371
Miscellaneous	3,000	3,000	(628)
Court Cases	10,000	10,000	-
Water/Sewer	2,100	2,100	3,475
Sales Tax Rebates	500	500	690
Total Administration	<u>308,850</u>	<u>308,850</u>	<u>293,317</u>

CITY OF TRENTON, ILLINOIS

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

GENERAL FUND

FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Disbursements (continued):			
Liability Insurance	<u>80,000</u>	<u>80,000</u>	<u>74,331</u>
Audit	<u>10,000</u>	<u>10,000</u>	<u>9,380</u>
TEMS (Trenton Emergency Management Service):			
Equipment Parts and Repairs	100	100	-
Office Supplies	50	50	-
Operation and Maintenance	450	450	-
New Equipment	750	750	-
Miscellaneous	500	500	-
Training, Travel, Etc.	250	250	-
Contingency	1,000	1,000	-
Auto Gas & Oil	100	100	-
Supplies	100	100	-
Emergency Sirens Maintenance	1,000	1,000	-
Emergency Notification System	1,000	1,000	800
Telephone	<u>1,500</u>	<u>1,500</u>	<u>771</u>
Total TEMS	<u>6,800</u>	<u>6,800</u>	<u>1,571</u>
Health Department:			
Postage	2,500	2,500	1,885
Salaries	3,000	3,000	2,913
Insect Spraying	4,000	4,000	539
Equipment Purchases & Repairs	500	500	-
Miscellaneous	500	500	-
Contingency	1,000	1,000	-
Refuse Collections	275,000	275,000	258,137
Weed Spraying	500	500	142
Engineer	500	500	-
Spring Clean Up	<u>200</u>	<u>200</u>	<u>-</u>
Total Health Department	<u>287,700</u>	<u>287,700</u>	<u>263,616</u>
Police:			
Salaries	351,500	351,500	341,086
Health Insurance	45,000	45,000	32,723
Training, Travel, and Dues	5,000	5,000	3,560
Annuity	2,000	2,000	698
Auto Operation and Maintenance	21,000	21,000	31,846
Legal	<u>3,000</u>	<u>3,000</u>	<u>1,318</u>

CITY OF TRENTON, ILLINOIS

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Disbursements (continued):			
Police (continued):			
Radio & Radar Maintenance	1,300	1,300	7,819
Telephone	4,500	4,500	3,993
Gun, Camera, Batteries	1,500	1,500	185
Office Supplies and Postage	1,600	1,600	786
Uniform Allowance	3,500	3,500	4,580
Internet Expense	3,000	3,000	2,312
Computer Updates/Repairs	2,500	2,500	665
Equipment	2,000	2,000	1,855
Operations & Maintenance	2,000	2,000	964
Miscellaneous	1,000	1,000	-
Contingency	10,000	10,000	48,246
Total Police	460,400	460,400	482,636
Police Dare:			
Salaries	2,500	2,500	-
Training, Travel, and Dues	2,500	2,500	1,552
Supplies	3,000	3,000	2,825
Fundraising Expenses	6,500	6,500	-
Drugs, Informants	200	200	-
Miscellaneous	500	500	148
Total Police Dare	15,200	15,200	4,525
Public Buildings:			
Salaries	5,000	5,000	6,040
Repairs and Maintenance	12,500	12,500	3,071
Loan Principal and Interest	30,000	30,000	29,265
Utilities	20,000	20,000	16,708
Supplies and Materials	3,500	3,500	1,854
Boiler Insurance	100	100	100
Miscellaneous	1,000	1,000	-
Contingency	5,000	5,000	5,711
Engineering	1,000	1,000	-
Total Public Buildings	78,100	78,100	62,749

CITY OF TRENTON, ILLINOIS

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

GENERAL FUND

FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Disbursements (continued):			
Street:			
Salaries	120,000	120,000	120,804
Health Insurance	22,000	22,000	20,682
Training, Travel, and Dues	500	500	40
Annuity	1,750	1,750	1,638
Legal	1,000	1,000	
Engineering	5,000	5,000	1,375
Operations and Maintenance	8,000	8,000	40,874
Computer Updates/Internet	900	900	893
Supplies	2,500	2,500	2,917
Gas and Oil	9,000	9,000	8,280
Maintenance and Repairs	11,000	11,000	37,958
Equipment	2,500	2,500	21,321
Street Lighting & Signals	38,000	38,000	33,697
Construction Projects	9,500	9,500	-
Telephone	500	500	302
Miscellaneous	500	500	-
Motor Fuel Tax	124,000	124,000	603
Tools	750	750	1,309
Contingency	20,000	20,000	206
Uniforms	500	500	359
Bridge Repair	10,000	10,000	-
Total Street	<u>387,900</u>	<u>387,900</u>	<u>293,258</u>
Net Transfers	<u>-</u>	<u>-</u>	<u>32,623</u>
Total Disbursements	<u>\$ 1,634,950</u>	<u>\$ 1,634,950</u>	<u>\$ 1,518,006</u>
Excess of Receipts Over Disbursements			<u>\$ 8,045</u>

CITY OF TRENTON, ILLINOIS

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
TAX INCREMENT FINANCING FUND
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Receipts:			
Property Tax			\$ 239,890
Total Receipts			<u>239,890</u>
Disbursements:			
Economic Development:			
Salaries	\$ 10,000	\$ 10,000	9,882
Infrastructure Improvements	25,000	25,000	77,112
Real Estate Tax Reimbursement	250,000	675	166,962
Attorney	2,500	2,500	418
Engineering	25,000	25,000	33,506
Office Supplies	150	150	3,315
Consulting Contract	<u>90,000</u>	<u>90,000</u>	<u>95,060</u>
Total Economic Development	<u>402,650</u>	<u>153,325</u>	<u>386,255</u>
Total Disbursements	<u>\$ 402,650</u>	<u>\$ 153,325</u>	<u>\$ 386,255</u>
Excess (Deficiency) of Receipts Over Disbursements			<u>\$ (146,365)</u>

CITY OF TRENTON, ILLINOIS

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED APRIL 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Receipts:			
Telecommunications Tax			\$ 34,575
Transfer In			100,000
Total Receipts			<u>134,575</u>
Disbursements:			
Highways and Streets:			
Improvement Projects	\$ 150,000	\$ 150,000	18,229
Engineering	10,000	10,000	7,859
Contingency	<u>20,000</u>	<u>20,000</u>	<u>17</u>
Total Highways and Streets	<u>180,000</u>	<u>180,000</u>	<u>26,105</u>
Total Disbursements	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ 26,105</u>
Excess of Receipts Over Disbursements			<u>\$ 108,470</u>

CITY OF TRENTON, ILLINOIS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:				
Service Cost	\$ 83,453	\$ 99,603	\$ 83,512	\$ 78,943
Interest	335,665	319,848	322,559	300,707
Difference between expected and actual experience	141,654	168,967	(234,941)	117,439
Assumption changes	119,612	(129,860)	(4,836)	5,003
Benefit payments, including refunds	<u>(253,734)</u>	<u>(225,468)</u>	<u>(206,985)</u>	<u>(207,544)</u>
Net change in total pension liability	426,650	233,090	(40,691)	294,548
Total pension liability - beginning	<u>4,560,669</u>	<u>4,327,579</u>	<u>4,368,270</u>	<u>4,073,722</u>
Total pension liability - ending	<u>\$ 4,987,319</u>	<u>\$ 4,560,669</u>	<u>\$ 4,327,579</u>	<u>\$ 4,368,270</u>
Plan Fiduciary Net Position				
Contributions - employer	84,999	88,040	89,112	84,669
Contributions - employee	45,875	38,167	37,653	34,637
Net investment income	(256,842)	675,314	276,203	19,856
Benefit payments, including refunds	(253,734)	(225,468)	(206,985)	(207,544)
Other	<u>102,659</u>	<u>(20,410)</u>	<u>(213,903)</u>	<u>8,959</u>
Net change in plan fiduciary net position	(277,043)	555,643	(17,920)	(59,423)
Plan fiduciary net position - beginning	<u>4,493,555</u>	<u>3,937,912</u>	<u>3,955,832</u>	<u>4,015,255</u>
Plan fiduciary net position - ending	<u>\$ 4,216,512</u>	<u>\$ 4,493,555</u>	<u>\$ 3,937,912</u>	<u>\$ 3,955,832</u>
Net Pension Liability	<u>\$ 770,807</u>	<u>\$ 67,114</u>	<u>\$ 389,667</u>	<u>\$ 412,438</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.54%</u>	<u>98.53%</u>	<u>91.00%</u>	<u>90.56%</u>
Covered-employee Payroll	<u>\$ 881,726</u>	<u>\$ 848,160</u>	<u>\$ 836,738</u>	<u>\$ 769,717</u>
Net pension liability as a percentage of covered-employee payroll	<u>87.42%</u>	<u>7.91%</u>	<u>46.57%</u>	<u>53.58%</u>

CITY OF TRENTON, ILLINOIS

SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2019

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 84,998	\$ 88,039	\$ 89,113	\$ 84,669
Contributions in relation to actuarial determined contribution	<u>84,999</u>	<u>88,040</u>	<u>89,112</u>	<u>84,669</u>
Contribution deficiency (excess)	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 1</u>	<u>\$ -</u>
Covered-employee Payroll	<u>\$ 881,726</u>	<u>\$ 848,160</u>	<u>\$ 836,738</u>	<u>\$ 769,717</u>
Contributions as a percentage of covered-employee payroll	<u>9.64%</u>	<u>10.38%</u>	<u>10.65%</u>	<u>11.00%</u>

Actuarial valuation date for above is December 31, 2018.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	25 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate (current and prior)	7.50%
Wage Growth	3.50%
Price Inflation	2.75%

COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

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CITY OF TRENTON, ILLINOIS

COMBINING STATEMENT OF REVENUES AND EXPENDITURES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED APRIL 30, 2019

	Special Revenue Funds							Capital Projects Fund	Total Nonmajor Governmental Funds
	Recreation Fund	Social Security Fund	Retirement Fund	Motor Fuel Tax Fund	Capital Improvement Fund	Community Development Fund	Equipment Fund	Police Equipment Fund	Infrastructure Fund
Revenues:									
Property Tax	\$ 39,241	\$ 34,960	\$ 24,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:									
Sales Tax	-	-	-	-	-	-	-	-	-
Motor Fuel Tax	-	-	-	69,125	-	-	-	-	78,241
Video Gaming Tax	-	-	-	-	-	-	-	-	-
Utility Tax	19,389	-	-	-	19,389	-	22,169	-	-
Fines	-	-	-	-	-	-	-	7,002	-
Charges for Services	80,051	-	-	-	-	-	-	-	-
Investment Earnings	168	-	-	4,071	-	141	-	18	-
Contributions	19,952	-	-	-	-	-	-	5	-
Miscellaneous	-	-	-	2,014	-	-	-	-	-
Total Revenues	158,801	34,960	24,971	75,210	19,389	141	22,169	7,025	78,241
Expenditures:									
Current:									
General Government	-	45,161	45,992	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	1,020	-
Highways and Streets	-	-	-	6,000	5,350	-	51,235	-	73,029
Culture and Recreation	154,656	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	6,323	21,883	-	-
Interest	-	-	-	-	-	1,209	220	-	-
Total Expenditures	154,656	45,161	45,992	6,000	5,350	7,532	73,338	1,020	73,029
Excess (Deficiency) of Revenues Over Expenditures	4,145	(10,201)	(21,021)	69,210	14,039	(7,391)	(51,169)	6,005	5,212
Other Financing Sources (Uses):									
Transfers In (Out)	-	-	-	(62,794)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	(62,794)	-	-	-	-	-
Net Change in Fund Balances	4,145	(10,201)	(21,021)	6,416	14,039	(7,391)	(51,169)	6,005	5,212
Fund Balance, Beginning of Year	30,454	57,153	70,357	184,008	-	8,181	55,878	5,279	91,886
Fund Balance, End of Year	\$ 34,599	\$ 46,952	\$ 49,336	\$ 190,424	\$ 14,039	\$ 790	\$ 4,709	\$ 11,284	\$ 97,098
									\$ 449,231

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH TAX INCREMENT FINANCING ACT**

To the Honorable Mayor and
Members of the Board of Aldermen
City of Trenton, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the of the City of Trenton, Illinois as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting, 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 opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Other Matters

The management of the City of Trenton, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

The results of our tests indicate that for the items tested, the City of Trenton, Illinois, complied with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act". Nothing came to our attention that caused us to believe that, for the items not tested, the City of Trenton, Illinois was not in compliance with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

Certified Public Accountants
Alton, Illinois
September 11, 2019