

CITY OF GRETNA, FLORIDA
AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

**CITY OF GRETNA, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

TABLE OF CONTENTS

Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet-Governmental Fund	13
Reconciliation of the Balance Sheet to the Statement of Net Position-Governmental Fund.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Fund	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Fund.....	16
Statement of Net Position-Proprietary Fund	17
Statement of Revenues, Expenditures, and Changes in Net Position-Proprietary Fund.....	18
Statement of Cash Flows-Proprietary Fund	19
Notes to Financial Statements.....	20
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Budgetary Comparison Schedule-General Fund.....	41
Notes to Budgetary Comparison Schedules.....	42
Florida Retirement System and Health Insurance Subsidy	
Schedule of the City’s Proportionate Share of the Net Pension Liability.....	43
Schedule of City’s Contributions.....	44
Officials.....	45
<u>COMPLIANCE SECTION</u>	
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	46
Schedule of Findings	48
Independent Accountant’s Report on Compliance with the Requirements Of Section 218.415 Florida Statutes	53
Management Letter in Accordance with Rules of the Auditor General of the State of Florida	54

INDEPENDENT AUDITOR’S REPORT

To the City Council
City of Gretna, Florida:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Gretna, Florida (the “City”), as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Basis for Qualified Opinion on the Governmental Activities, Business-type Activities, and Water, Sewer, and Solid Waste Funds

The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as discussed in Note 9. Accounting principles generally accepted in the United States of America require recording of an obligation for any postemployment benefits other than pensions, which would affect the deferred inflows, liabilities, deferred outflows, net pension, and expenses in the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds.

INDEPENDENT AUDITOR'S REPORT
(Concluded)

The amounts by which these departures would affect the deferred inflows, liabilities, deferred outflows, net pension, and expenses in the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds has not been determined.

Qualified Opinion on the Governmental Activities, Business-type Activities, and Water, Sewer, and Solid Waste Funds

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph on the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds of the City as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

In accordance with *Government Auditing Standards*, we have also issued a report dated February 7, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
February 7, 2023
Tallahassee, Florida

**CITY OF GRETNA, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

As management of the City of Gretna, Florida (the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020.

FINANCIAL HIGHLIGHTS

The assets of the City, as reported in the government-wide financial statements, exceeded the liabilities as of September 30, 2020, by \$6,501,919 (net position). This amount represents a decrease of \$384,683 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation, physical environment, and culture and recreation. The business-type activities of the City include water, sewer, and solid waste operations.

The government-wide financial statements can be found on pages 11-12 of this report.

**CITY OF GRETNA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information present for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The City maintains one individual governmental fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be a major fund.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds

The City maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financials statements. The City uses the enterprise fund to account for its water, sewer and solid waste operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund and solid waste fund operations, which are considered to be a major funds.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-40 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary information and pension liability. Required information can be found on pages 41-45 of this report.

**CITY OF GRETNA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$6,501,919 at the close of the most recent fiscal year.

A large portion of the City's net position (120%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. 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.

STATEMENT OF NET POSITION

	2020		
	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 162,353	\$ 858,718	\$ 1,021,071
Capital Assets, Net	4,256,674	4,340,221	8,596,895
Total Assets	<u>4,419,026</u>	<u>5,198,939</u>	<u>9,617,965</u>
Deferred Outflows	<u>119,306</u>	<u>310,780</u>	<u>430,085</u>
Current Liabilities	98,928	1,083,104	1,182,032
Long-term Liabilities	38,467	744,451	782,918
Net Pension Liabilities	420,568	1,095,537	1,516,105
Total Liabilities	<u>557,963</u>	<u>2,923,093</u>	<u>3,481,056</u>
Deferred Inflows	<u>18,052</u>	<u>47,024</u>	<u>65,076</u>
Net Position			
Net Investment in Capital Assets	4,238,121	3,619,469	7,857,590
Restricted for Debt Service	-	163,117	163,117
Unrestricted	<u>(275,804)</u>	<u>(1,242,984)</u>	<u>(1,518,787)</u>
Total Net Position	<u>\$ 3,962,317</u>	<u>\$ 2,539,602</u>	<u>\$ 6,501,919</u>

**CITY OF GRETNA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

STATEMENT OF NET POSITION

	2019		
	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 142,291	\$ 2,239,357	\$2,381,648
Capital Assets, Net	4,155,386	4,397,218	8,552,604
Total Assets	<u>4,297,677</u>	<u>6,636,575</u>	<u>10,934,252</u>
Deferred Outflows	<u>34,534</u>	<u>332,099</u>	<u>366,633</u>
Current Liabilities	46,913	749,961	796,874
Long-term Liabilities	2,324,060	147,717	2,471,777
Net Pension Liabilities	383,777	832,649	1,216,426
Total Liabilities	<u>2,754,750</u>	<u>1,730,327</u>	<u>4,485,077</u>
Deferred Inflows	<u>36,217</u>	<u>94,340</u>	<u>130,557</u>
Net Position			
Net Investment in Capital Assets	4,108,473	3,647,257	7,755,730
Restricted for Debt Service	-	100,480	100,480
Unrestricted	<u>(2,567,229)</u>	<u>1,396,270</u>	<u>(1,170,959)</u>
Total Net Position	<u>\$ 1,541,244</u>	<u>\$ 5,144,007</u>	<u>\$6,685,251</u>

An additional portion of the City's net position, \$163,117, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities

Governmental activities increased the City's net position by \$2,387,001 in the most recent fiscal year.

Key elements of this change include a transfer in from the water and sewer fund.

**CITY OF GRETNNA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

STATEMENT OF CHANGES IN NET POSITION

	2020		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program Revenues:			
Charges for Services	\$ -	\$ 1,181,515	\$ 1,181,515
Operating Grants and Contributions	-	-	-
Capital Grants and Contributions	-	45,140	45,140
General Revenues:			
Taxes, Licenses and Permits	265,647	53,211	318,857
Intergovernmental	577,950	-	577,950
Miscellaneous and Other	270,793	119,772	390,565
Total Revenues	<u>1,114,390</u>	<u>1,399,638</u>	<u>2,514,028</u>
Expenses:			
General Government	517,988	-	517,988
Transportation	95,477	-	95,477
Public Safety	363,680	-	363,680
Physical Environment	124,355	-	124,355
Culture and Recreation	29,366	-	29,366
Interest on Long-term Debt	1,654	-	1,654
Business-type Activities	-	1,766,190	1,766,190
Total Expenses	<u>1,132,521</u>	<u>1,766,190</u>	<u>2,898,711</u>
Excess (Deficiency) of Revenues over (Under) expenditures	<u>(18,131)</u>	<u>(366,552)</u>	<u>(384,683)</u>
Other Financing Sources (Uses)			
Transfers In	2,405,131	55,107	2,460,239
Transfers Out	-	(2,460,239)	(2,460,239)
Total Other Financing Sources (Uses)	<u>2,405,131</u>	<u>(2,405,131)</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>2,387,001</u>	<u>(2,771,684)</u>	<u>(384,683)</u>
Net Position, Beginning of Year	1,541,244	5,144,007	6,685,251
Net Position, Restated	1,575,316	5,311,286	6,886,602
Net Position, End of Year	<u>\$ 3,962,317</u>	<u>\$ 2,539,602</u>	<u>\$ 6,501,919</u>

**CITY OF GRETNNA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

STATEMENT OF CHANGES IN NET POSITION

	2019		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program Revenues:			
Charges for Services	\$ 4,875	\$ 1,161,348	\$ 1,166,223
Operating Grants and Contributions	178,000	-	178,000
Capital Grants and Contributions	276,910	-	276,910
General Revenues:			
Taxes, Licenses and Permits	256,007	-	256,007
Intergovernmental	463,441	-	463,441
Miscellaneous and Other	278,441	-	278,441
Total Revenues	<u>1,457,674</u>	<u>1,161,348</u>	<u>2,619,022</u>
Expenses:			
General Government	425,226	-	425,226
Transportation	203,782	-	203,782
Public Safety	367,241	-	367,241
Physical Environment	406,433	-	406,433
Culture and Recreation	38,016	-	38,016
Interest on Long-term Debt	2,384	32,087	34,471
Business-type Activities	-	1,357,474	1,357,474
Total Expenses	<u>1,443,082</u>	<u>1,389,561</u>	<u>2,832,643</u>
Excess (Deficiency) of Revenues over (Under) expenditures	<u>14,592</u>	<u>(228,213)</u>	<u>(213,621)</u>
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>14,592</u>	<u>(228,213)</u>	<u>(213,621)</u>
Net Position, Beginning of Year	1,526,652	5,273,519	6,800,171
Net Position, Restated	-	5,372,220	5,372,220
Net Position, End of Year	<u>\$ 1,541,244</u>	<u>\$ 5,144,007</u>	<u>\$ 5,158,599</u>

Business-type Activities

Business-type activities decreased the City's net position by \$2,771,684 in the most recent fiscal year.

They key element of this change was the transfer out of cash to the general fund.

**CITY OF GRETNA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the City's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental fund reported an ending fund balance of \$132,942, an increase of \$2,199,583 in comparison with the prior year. The total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The general fund is the chief operating fund of the City.

Proprietary Funds

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the utility funds at the end of the year amounted to (\$1,194,370). The total decrease in net position for the fund was (\$2,771,684) Other factors concerning the finances of the fund have already been addressed in the discussion of the City's business-type activities.

GENERAL BUDGETARY HIGHLIGHTS

The City did not amend its budget during the current year. The City underspent the annual budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$7,808,976 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, and roads. The City's investment in capital assets decreased \$53,246 in the current year.

Additional information on the City's capital assets can be found in Note 5, on page 30 of this report.

**CITY OF GRETNA, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Long-term Debt

At the end of the current fiscal year, the City had long-term debt related to bonds, notes, and lease payables outstanding of \$787,920.

	Schedule of Long-term Debt		
	Governmental Activities	Business-type Activities	Total
Revenue Bonds Payable	\$ -	\$ 585,490	\$ 585,490
Notes Payable	18,553	68,220	86,773
Leases Payable	-	115,657	115,657
Total	\$ 18,553	\$ 769,367	\$ 787,920

Additional information on the City’s long-term debt can be found in Note 6 on pages 31-32 of this report.

NEXT YEAR’S BUDGETS AND ECONOMIC FACTORS

In considering the City’s budget for the fiscal year 2019-2020, the City Commission and management continued to be cautious as to the growth of revenues and expenditures. Looking forward to the preparation of the fiscal 2020-2021 budget, the City anticipates increased revenues from the gaming facility, Creek Entertainment Management, as well as increased tax receipts from the improving economy. The City currently receives 10% of the state tax on Pari-mutual gaming services. Despite a slowly recovering housing market and related property values and ad valorem taxes, the City anticipates increased general fund revenue over the coming years due to an anticipated expansion of the offerings at Creek Entertainment Gretna.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Gretna, Florida’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City Manager, 14615 Main Street, Gretna, FL 32351-2328 or via email at ajefferson@mygretna.com.

CITY OF GRETNA, FLORIDA
BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

CITY OF GRETN, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Governmental	Business-Type	
	Activities	Activities	Total
Cash and Cash Equivalents	\$ 119,490	\$ 200	\$ 119,690
Equity in Pooled Cash	-	566,508	566,508
Receivables, Net	-	105,419	105,419
Due from Other Governments	34,639	-	34,639
Due from Other Funds	-	23,474	23,474
Restricted Cash	8,224	163,117	171,341
Land	1,444,207	-	1,444,207
Buildings, Net	234,076	-	234,076
Infrastructure, Net	1,650,001	3,617,170	5,267,171
Furniture and Equipment, Net	928,390	723,051	1,651,441
Total Assets	4,419,026	5,198,939	9,617,965
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	119,306	310,780	430,085
Liabilities			
Accounts Payable and Accrued Expenses	29,411	41,033	70,443
Due to Other Funds	-	23,475	23,475
Unearned Revenues	50,964	924,033	974,997
Customer Deposits	-	18,950	18,950
Due Within One Year:			
Loans Payable	18,553	42,454	61,007
Bonds Payable	-	33,160	33,160
Due In More Than One Year:			
Compensated Absence	38,467	50,699	89,166
Loans Payable	-	141,423	141,423
Bonds Payable	-	552,330	552,330
Net Pension Liability	420,568	1,095,537	1,516,105
Total Liabilities	557,963	2,923,093	3,481,056
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	18,052	47,024	65,076
Net Position			
Net Investment in Capital Assets	4,238,121	3,619,469	7,857,590
Restricted for Debt Service	-	163,117	163,117
Unrestricted	(275,804)	(1,242,984)	(1,518,787)
Total Net Position	\$ 3,962,317	\$ 2,539,602	\$ 6,501,919

**CITY OF GRETNNA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General Government	\$ 517,988	\$ -	\$ -	\$ -	\$ (517,988)	\$ -	\$ (517,988)
Transportation	95,477	-	-	-	(95,477)	-	(95,477)
Public Safety	363,680	-	-	-	(363,680)	-	(363,680)
Physical Environment	124,355	-	-	-	(124,355)	-	(124,355)
Culture and Recreation	29,366	-	-	-	(29,366)	-	(29,366)
Interest	1,654	-	-	-	(1,654)	-	(1,654)
Total Governmental Activities	<u>1,132,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,132,521)</u>	<u>-</u>	<u>(1,132,521)</u>
Business- Type Activities							
Water and Wastewater	1,604,239	1,017,056	-	45,140	-	(542,043)	(542,043)
Solid Waste	161,951	164,459	-	-	-	2,508	2,508
Total Business Activities	<u>1,766,190</u>	<u>1,181,515</u>	<u>-</u>	<u>45,140</u>	<u>-</u>	<u>(539,535)</u>	<u>(539,535)</u>
Total Primary Government	<u>2,898,711</u>	<u>1,181,515</u>	<u>-</u>	<u>45,140</u>	<u>(1,132,521)</u>	<u>(539,535)</u>	<u>(1,672,056)</u>
General Revenues							
					128,913	-	128,913
					119,134	53,211	172,345
					17,599	-	17,599
					577,950	-	577,950
					270,793	119,772	390,565
Transfers					<u>2,405,131</u>	<u>(2,405,131)</u>	<u>-</u>
Total General Revenues and Transfers					<u>3,519,521</u>	<u>(2,232,148)</u>	<u>1,287,373</u>
Change in Net Position					2,387,001	(2,771,684)	(384,683)
Net Position, Beginning of Year					<u>1,541,244</u>	<u>5,144,007</u>	<u>6,685,251</u>
Net Position as Restated					<u>1,575,316</u>	<u>5,311,286</u>	<u>6,886,602</u>
Net Position, End of Year					<u>\$ 3,962,317</u>	<u>\$ 2,539,602</u>	<u>\$ 6,501,919</u>

**CITY OF GRETNA, FLORIDA
BALANCE SHEET-GOVERNMENTAL
SEPTEMBER 30, 2020**

	General Fund
Assets	
Pooled Cash	\$ -
Savings Cash	119,490
Restricted Cash	8,224
Due from Other Governments	34,639
Due from Other Funds	-
Prepaid Items	-
Total Assets	162,353
 Liabilities and Fund Balance	
Liabilities	
Accounts Payable and Accrued Expenses	29,411
Deferred Revenue	-
Total Liabilities	29,411
 Fund Balance	
Unassigned	132,942
Total Fund Balance	132,942
 Total Liabilities and Fund Balance	\$ 162,353

**CITY OF GRETNA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Total Fund Balances of Governmental Funds \$ 132,942

Amounts Reported for Governmental Activities in the Statement
of Net Position are Different Because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in governmental funds.

Governmental capital assets	6,017,434
Less accumulated depreciation	(1,760,760)

Long Term Liabilities and related deferred inflows/outflows are not due
and payable in the current period and, therefore, are not reported
in the funds.

Deferred outflows	119,306
Net pension liability	(420,568)
Deferred inflows	(18,052)

Long-term liabilities, including bonds payable, are not due
and payable in the current period and, therefore,
are not reported in the funds:

Governmental loans	(18,553)
Compensaed absences and other long-term accrued liabilities	(38,467)

The statement of net position include certain unearned revenues not available to the current period and not reported in governmental funds	(50,964)
---	----------

Total Net Position of Governmental Activities \$ 3,962,317

CITY OF GRETNA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund
Revenues	
Ad Valorem	\$ 128,913
Utility Taxes	116,501
Licenses and Permits	17,599
Intergovernmental	577,950
Grants	-
Charges for Services	-
Fines and Forfeitures	2,634
Contributions	-
Interest Income	-
Miscellaneous	270,793
Total Revenues	1,114,390
Expenditures	
Current:	
General Government	530,271
Transportation	95,477
Public Safety	357,929
Physical Environment	124,355
Culture and Recreation	28,321
Debt Service:	
Principal	28,360
Interest	1,654
Capital Outlay	153,572
Total Expenditures	1,319,938
Excess (Deficiency) of Revenues Over (Under) Expenditures	(205,549)
Other Financing Sources (Uses)	
Transfers In	2,405,131
Transfers Out	-
Proceeds from Long-term Debt	-
Total Other Financing Sources (Uses)	2,405,131
Net Change in Fund Balances	2,199,583
Fund (Deficit) Balances, Beginning of Year	(2,100,713)
Fund (Deficit) Balances, Beginning of Year Restated	(2,066,641)
Fund (Deficit) Balances, End of Year	\$ 132,942

**CITY OF GRETNA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

Net Change in Fund Balances - Total Governmental Funds		\$2,199,583
--	--	-------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period:

Capital Outlay	153,572	
Depreciation Expense	<u>(52,284)</u>	101,288

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

Changes in:

Net Pension Liability	(36,791)	
Deferred outflows related to net pension liability	84,772	
Deferred inflows related to net pension liability	<u>18,165</u>	66,145

The issuance of long-term debt provides current financial resources to the governmental funds, while it has no effect on the statement of activities.

-

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. This amount is the net effect of the differences in the treatment of long-term debt in the current period:

Notes Payable - Equipment	28,360	
Accrued Annual Leave	<u>(8,375)</u>	<u>19,985</u>

Change in Net Position of Governmental Activities

\$2,387,001

**CITY OF GRETNA, FLORIDA
STATEMENT OF NET POSITION
PROPREITARY FUND
SEPTEMBER 30, 2020**

	Business-Type Activities		
	Water and Sewer Fund	Solid Waste Fund	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 200	\$ -	\$ 200
Equity in Pooled Cash	566,508	-	566,508
Receivables (Net)	90,463	14,956	105,419
Due From Other Funds	18,259	5,214	23,474
Total Current Assets	675,431	20,170	695,601
Noncurrent Assets			
Restricted Assets			
Cash and Cash Equivalents	141,514	21,603	163,117
Capital Assets, Net	4,160,379	179,842	4,340,221
Total Noncurrent Assets	4,301,893	201,446	4,503,338
Total Assets	4,977,324	221,616	5,198,939
Deferred Outflows			
Deferred Outflows Related to Pensions	310,780	-	310,780
Liabilities			
Accounts Payable and Accrued Expenses	35,305	5,727	41,033
Due to Other Funds	23,475	-	23,475
Customer Deposits	4,639	14,311	18,950
Deferred Grant Revenue	924,033	-	924,033
Due Within One Year:			
Loans Payable	15,454	27,000	42,454
Bonds Payable	33,160	-	33,160
Due in More Than One Year:			
Compensated Absence	43,698	7,001	50,699
Loans Payable	52,766	88,657	141,423
Bonds Payable	552,330	-	552,330
Net Pension Liability	1,095,537	-	1,095,537
Total Liabilities	2,780,397	142,696	2,923,093
Deferred Inflows			
Deferred Inflows Related to Pensions	47,024	-	47,024
Net Position			
Net Investment in Capital Assets	3,555,283	64,186	3,619,469
Restricted for Debt Service	141,514	21,603	163,117
Unrestricted	(1,236,115)	(6,869)	(1,242,984)
Total Net Position	\$ 2,460,682	\$ 78,920	\$ 2,539,602

CITY OF GRETNA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
Operating Revenues			
Charges for Services (pledged - see Note 6)	\$ 1,017,056	\$ 164,459	\$ 1,181,515
Intergovernmental Revenues	45,140	-	45,140
Tax Revenues	53,211	-	53,211
Miscellaneous Revenues	119,772	-	119,772
Total Operating Revenue	<u>1,235,179</u>	<u>164,459</u>	<u>1,399,638</u>
Operating Expenses			
Salaries and Benefits	756,706	61,516	818,222
Operating Expenses	339,204	53,587	392,791
Professional Services	48,823	7,234	56,057
Repairs and Maintenance	57,101	9,503	66,604
Bad Debt Expense	143,872	2,383	146,255
Depreciation	258,533	27,728	286,261
Total Operating Expenses	<u>1,604,239</u>	<u>161,951</u>	<u>1,766,190</u>
Operating Income (Loss)	<u>(369,060)</u>	<u>2,508</u>	<u>(366,552)</u>
Other Financing Sources (Uses)			
Transfers In	-	55,107	55,107
Transfers Out	(2,460,239)	-	(2,460,239)
Proceeds from Long-term Debt	-	-	-
Total Other Financing Sources (Uses)	<u>(2,460,239)</u>	<u>55,107</u>	<u>(2,405,131)</u>
Change in Net Position	<u>(2,829,299)</u>	<u>57,615</u>	<u>(2,771,684)</u>
Net Position, Beginning of Year	5,122,702	21,305	5,144,007
Adjustment to Beginning Net Position	167,279	-	167,279
Net Position, Beginning as Adjusted	<u>5,289,981</u>	<u>21,305</u>	<u>5,311,286</u>
Net Position, End of Year	<u>\$ 2,460,682</u>	<u>\$ 78,920</u>	<u>\$ 2,539,602</u>

**CITY OF GRETNNA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Business-type Activities Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,017,056	\$ 164,459	\$ 1,181,515
Cash paid to employees	(598,439)	(61,516)	(659,955)
Cash paid to suppliers	(388,027)	(110,215)	(498,242)
Net Cash Provided by (Used in) Operating Activities	30,590	(7,272)	23,318
Cash Flows from Capital and Related Financing Activities			
Intergovernmental revenue	1,142,156	-	1,142,156
Operating transfers in	-	55,107	55,107
Operating transfers out	(2,460,239)	-	(2,460,239)
Principal paid on long-term debt	(122,140)	-	(122,140)
Interest paid on long-term debt	(36,818)	-	(36,818)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,477,040)	55,107	(1,421,933)
Net Increase (Decrease) in Pooled Cash and Cash Equivalents	(1,446,451)	47,835	(1,398,615)
Pooled Cash and Cash Equivalents, Beginning of Year	2,154,672	(26,232)	2,128,440
Pooled Cash and Cash Equivalents, End of Year	\$ 708,221	\$ 21,603	\$ 729,825
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>			
Cash Flows from Operating Activities			
Operating Income (Loss)	\$ (369,060)	\$ 2,508	\$ (366,552)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	258,533	27,728	286,261
Interest expense	36,818	-	36,818
Adjustment to opening cash	(74,767)	(20,403)	(95,170)
Adjustment to deferred inflows, outflows and net pension liability	236,891	-	236,891
(Increase) decrease in accounts receivable	(5,215)	(1,574)	(6,789)
Increase (decrease) in accounts payable and accrued expenses	275	(4,375)	(4,099)
Increase (decrease) in customer deposits	(34,792)	(5,942)	(40,734)
Increase (decrease) due to other funds	(18,092)	(5,214)	(23,307)
Total adjustments	399,650	(9,780)	389,871
Net Cash Provided by (Used in) Operating Activities	\$ 30,590	\$ (7,272)	\$ 23,318

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 1 – Summary of Significant Accounting Policies

The City of Gretna, Florida (the “City”) in Gadsden County, Florida (the “County”) was incorporated in 1909. The City operates under a Commission/City Manager form of government and provides municipal services to its residents, including general government, public safety, transportation, public works, and recreation. The City also operates an industrial park, water and sewer, and solid waste enterprises.

The following summary of the City’s significant accounting policies presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

Reporting Entity

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, be includable within the City’s financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the primary government is not financially accountable to determine whether the relationship is such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Component units would be included in the reporting entity either as blended or as discretely presented component units. All funds/departments are regarded as one legal entity; therefore, the financial position and results of operations of the funds/departments are reported as part of the primary government.

Based upon the application of the criteria, the financial statements include only the financial statements of the City of Gretna, Florida.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same, or substantially the same, as the City Commission or the component units provides services entirely to the City or the component unit debt is expected to be repaid entirely or almost entirely by the primary government. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above, but do not meet the criteria for blending. Currently, The City has no discretely presented component units.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

The government-wide 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. For the most part, the effect of inter-fund 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.

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

Separate financial statements are provided for governmental funds and proprietary. The major individual governmental fund and the major individual enterprise fund are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Property taxes, franchise fees, communications taxes, licenses 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 measurable and available only when received by the City.

The City reports the following major governmental funds:

The **general fund** is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. Many of the more important activities of the City, including operation of the City's public works departments; street and highway maintenance; public safety, and recreation programs, are accounted for in this fund.

The City reports the following major proprietary funds:

The **water and sewer fund** is used to account for the provision of water and sewer services to the residents and commerce of the City.

The **solid waste fund** is used to account for the provision of solid waste collection, disposal and recycling for all residential and commercial customers within the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's utilities function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally, dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The appropriated budget is prepared by fund, function, and department. The City's management may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become a part of the subsequent year's budget pursuant to state regulations.

Assets, Liabilities and Net Position

Cash, Equity in Pooled Cash and Investments

Cash includes amounts in demand deposit as well as short-term investments with maturity dates, within three months from the dates acquired by the City.

The City pools substantially all cash. Each fund's equity share of the total pooled cash is included in the accompanying statement of net position under the caption "cash and equity in pooled cash".

Investments, consisting of U.S. Governmental and agency securities, bonds, equity securities and mutual funds, are stated as fair value. The City did not have any investments during fiscal year 2020.

Allowance for Bad Debts

The City calculates its allowance for bad debts using historical collection data, specific account analysis, and management's judgement. As of September 30, 2020, the allowance for bad debts was \$146,255 for the enterprise fund.

Inter-fund Transactions

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a funds through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as “due to/from other funds” or “advances 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”.

Non-current portions of long-term inter-fund loan receivables are reported as advances within the governmental funds and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Capital Assets

Capital assets, which including land, buildings, improvements, infrastructure, and equipment assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the City as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repair 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 are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. During 2020, there was no interest to capitalize.

Building, improvements, infrastructure and equipment assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure systems	35
Utility plant, equipment and improvements	40
Buildings and improvements	10-50
Improvements other than building	10-50
Equipment and other depreciable assets	5-20

Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Sick leave credits are not payable upon employees’ termination or retirement.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

For government-wide statements and proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations. There were no matured compensated absences as of September 30, 2020.

Net Position and Fund Balance

Net position is the result of assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Net position of the government-wide and proprietary funds are categorized as net investment in capital assets, restricted or unrestricted.

The first category represents net position related to property, plant, equipment and infrastructure reduced by depreciation and outstanding debt used to construct or purchase capital assets, and deferred inflow/outflow of resources that are attributed to the acquisition of those assets.

The restricted category represents the balance of assets by requirements of revenue bonds and other externally imposed constraints or by enabling legislation in excess of the related liabilities payable from restricted assets. All remaining amounts are considered to be unrestricted.

In the fund financial statements, governmental fund balance is categorized as nonspendable, restricted, committed, assigned and unassigned. These categories are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in fund balances can be spent.

The City's fund balance classification policies and procedures are as follows:

Nonspendable funds are funds that cannot be spent because they are either not in spendable form (e.g. inventories and prepaids) or are legally or contractually required to be maintained intact.

Restricted funds are funds that have constraints placed on their use either externally by creditors, grantors, contributors, laws or regulations or other governments or by law through constitutional provisions or enabling legislation.

Committed funds are funds that have constraints placed on their use through the passage of a formal action by the City Commission which is the City's highest level of decision-making authority. The City Commission has the authority to set aside funds for specific purpose and requires the passage of a resolution or ordinance. Resolutions and ordinances are considered an equally binding form of City's highest level of formal action. The passage of a resolution or ordinance must take place prior to September 30th of the applicable fiscal year but the amount can be determined at a later date. A resolution or ordinance would also be required to modify or rescind the specific use or amount.

Assigned funds are fund that are constrained by the City's intent to be used for specific purposes but neither restricted nor committed are classified as assigned fund balances. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the City's Finance Director for purposes of reporting these amounts in the annual financial statements.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Unassigned fund balance is the residual classification for the general funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then by unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The City will strive to maintain an economic uncertainty reserve of at least 3% of total General Fund operating expenditures (including other financing). The primary of this reserve is to avoid the need for service level reductions in the event of an economic downturn causing revenue to come in lower than budget. This reserve may be increased from time to time in order to address specific anticipated revenue shortfalls.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless there are legal contracts that prohibit doing so, then unrestricted resources as they are needed. Similarly, when an expenditure is incurred for purposes which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and the unassigned amounts. This policy is in place to provide a measure of protection for the City against unforeseen circumstances and to comply with GASB Statement No. 54. No other policy or procedure superseded the authority and provision of this policy.

Property Taxes

Property values are assessed as of January 1 each year, at which time taxes become an enforceable lien on property. Tax bills are mailed in October and are payable upon receipt. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by the sale of interest-bearing tax certificated and the seizure of personal property to satisfy unpaid property taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

No accruals for the property tax levy becoming due in November 2019 are included in the accompanying financial statements since the legal right to receive these taxes occurs on November 1, 2019, and such taxes are collected to finance expenditures for the fiscal year ending September 20, 2020.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows for proprietary fund types, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

New Accounting Pronouncements Adopted

The following GASB pronouncements have been issued, but are not effective as of September 30, 2020:

GASB Statement 87, Leases. The statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lease is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement 87 will be effective for the fiscal year ending September 30, 2021.

GASB Statement 91, Conduit Debt Obligations. This statement was issued May 2019 to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement 91 will be effective for the fiscal year ending September 30, 2022.

The City of Gretna will implement new GASB pronouncements no later than the required effective date. The City is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the City's financial statements.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 – Cash, Equity in Pooled Cash, and Investments

As of September 30, 2020, the value of the City’s deposits and investments in non-pension activities, with their respective credit ratings, were as follows:

	<u>Carrying Amount</u>	<u>Credit Rating</u>	<u>Maturity</u>
Pooled Cash	\$ 566,508	N/A	N/A
Savings Cash	119,690	N/A	N/A
Restricted Cash	<u>171,341</u>	N/A	N/A
Total Cash and Investments	<u>\$ 857,539</u>		

As of September 30, 2020, the City had no investments. All deposits with financial institutions are fully insured or collateralized as required by the City Commission. The deposits are also covered by federal depository insurance and, for the amount more than such depository insurance, by the State of Florida’s Public Deposits Act (the “Act”). Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

Restricted cash represents the following:

Debt Service	99,844
Customer Deposits	<u>63,273</u>
	<u>\$ 171,341</u>

Note 3 – Receivables

Receivables as of September 30, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts Receivable	\$ -	\$ 309,534	\$ 309,534
Less: Allowance for Bad Debts	<u>-</u>	<u>(204,115)</u>	<u>(204,115)</u>
Net Accounts Receivable	<u>\$ -</u>	<u>\$ 105,419</u>	<u>\$ 105,419</u>

The accounts receivable represents approximately one month’s billing for enterprise funds.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 4 – Due From/To and Interfund Transfers

Interfund activity balances for the City as of and for the fiscal year ended September 30 are summarized as follows:

Due From/To

The water fund has a due to other funds of \$23,474, of this amount \$18,259 is due to the sewer fund and \$5,125 is due to the solid waste fund.

Interfund Transfers

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Net Transfers</u>
General Fund	\$ 2,405,131	\$ -	\$ 2,405,131
Water and Sewer Fund	-	(2,460,239)	(2,460,239)
Solid Waste Fund	55,107	-	55,107
Net Transfers	<u>\$ 2,460,239</u>	<u>\$ (2,460,239)</u>	<u>\$ -</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect to the fund that statute or budget requires to expend them or (2) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authority.

CITY OF GRETN, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5 – Capital Assets

	Balance			Balance
	September 30,			September 30,
	2019	Increase	Decrease	2020
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,436,707	\$ 7,500	\$ -	\$ 1,444,207
Total Capital Assets, Not Being Depreciated	<u>1,436,707</u>	<u>7,500</u>	<u>-</u>	<u>1,444,207</u>
Capital Assets, Being Depreciated:				
Building and Improvements	910,179	51,693	-	961,872
Infrastructure	2,002,958	62,970	-	2,065,928
Equipment and Other	1,514,018	31,409	-	1,545,427
Total Capital Assets, Being Depreciated	<u>4,427,155</u>	<u>146,072</u>	<u>-</u>	<u>4,573,227</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(706,054)	(21,742)	-	(727,796)
Improvements other than Buildings	(393,985)	(21,942)	-	(415,927)
Equipment and Other	(608,437)	(8,600)	-	(617,037)
Total Accumulated Depreciation	<u>(1,708,476)</u>	<u>(52,284)</u>	<u>-</u>	<u>(1,760,760)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,718,679</u>	<u>93,788</u>	<u>-</u>	<u>2,812,467</u>
Total Governmental Capital Assets, Net	<u>4,155,386</u>	<u>101,288</u>	<u>-</u>	<u>4,256,674</u>
 <u>Business-Type Activities:</u>				
Capital Assets, Being Depreciated				
Infrastructure	8,755,669	115,340	-	8,871,009
Furniture, Fixtures and Equipment	1,745,758	-	-	1,745,758
Total Capital Assets, Being Depreciated	<u>10,501,427</u>	<u>115,340</u>	<u>-</u>	<u>10,616,767</u>
Less Accumulated Depreciation for:				
Infrastructure	(5,075,511)	(178,328)	-	(5,253,839)
Furniture, Fixtures and Equipment	(914,774)	(107,933)	-	(1,022,707)
Total Accumulated Depreciation	<u>(5,990,285)</u>	<u>(286,261)</u>	<u>-</u>	<u>(6,276,546)</u>
Total Capital Assets, Being Depreciated, Net	<u>4,511,142</u>	<u>(170,921)</u>	<u>-</u>	<u>4,340,221</u>
Total Business-Type Capital Assets, Net	<u>\$ 4,511,142</u>	<u>\$ (170,921)</u>	<u>\$ -</u>	<u>\$ 4,340,221</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 45,487
Public Safety	5,751
Culture and Recreation	1,046
Total	<u>\$ 52,284</u>

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 6 – Long-term Debt

Business-type Activities Long-term Debt

Water and Sewer Revenue Bonds, Series 1995

On May 30, 1995, the City of Gretna issued \$800,000 of serial bonds all of which were purchased by the U.S. Department of Agriculture, Farmers Home Administration (“FMHA”). In May 1996, the FMHA increased the loan by \$276,000. Proceeds were issued for improvements to the Water and Sewer System.

Pledge Revenues – Net revenues of the system are pledged as collateral and retained in a “Revenue Fund” which is to be separate and apart from all other funds, for the payment of the revenue bond’s principal and interest.

Sinking Fund – On or before the 15th day of each month, the City is to transfer from the Revenue Fund and deposit into the “Reserve Account” which is to be held in the Sinking Fund, a sum equal to 1/12 of 1/10 of the “Maximum Bond Service Requirement.” The City is following the Maximum Bond Service Requirement.

Water and Sewer Revenue Bonds, Series 1996

On December 10, 1992 the U.S. Department of Agriculture, Farmers Home Administration (“FMHA”), approved the City’s \$1,530,000 (loan of \$800,000 and grant funds of \$730,000) grant and loan application for improvements to its wastewater disposal system. In connection therewith, the City entered into a purchase agreement to acquire property to extend the effluent disposal line into the southern portion of Gadsden County and purchase land for percolation ponds, and other necessary items aggregating \$100,00. FMHA’s approval of the application contained several special conditions and was based upon the needs of the City together with sewer needs of a new prison that will be using the City’s utilities. On May 1996, the FMHA increased the loan by \$276,000 and the grant by \$184,000. As of September 30, 2003, the City has drawn-down the entire \$800,000 from the loan and \$730,000 from the grant. As of September 30, 2020, there were no outstanding construction commitments related to the wastewater treatment system.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 6 – Long-term Debt (Continued)

Long-term liability activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due within One Year
Governmental Activities:					
Laundromat	\$ 9,585	\$ -	\$ (9,585)	\$ -	\$ -
City Hall A/C Unit	37,328		(18,775)	18,553	18,553
Total Governmental Activities	46,913	-	(28,360)	18,553	18,553
Business-type Activities:					
Series 1995	453,000	-	(23,000)	430,000	25,000
Series 1996	162,650	-	(7,160)	155,490	8,160
DEP Loan	58,674	-	(2,954)	55,720	2,954
US Tank	63,031	-	(63,031)	-	-
Garbage Truck	141,652	-	(25,995)	115,657	27,000
DEP Loan 2020	-	12,500	-	12,500	12,500
Total Business-type Activities	879,007	12,500	(122,140)	769,367	75,614
Total Long-term Debt	\$ 925,920	\$ 12,500	\$ (150,500)	\$ 787,920	\$ 94,167

The annual requirements to pay principal on the outstanding obligations at September 30, 2020 are as follows:

	Governmental Activities	Business-type Activities	Total
2021	\$ 18,553	\$ 75,614	\$ 94,167
2022	-	62,959	62,959
2023	-	64,648	64,648
2024	-	66,417	66,417
2025	-	69,917	69,917
Thereafter	-	429,812	429,812
	\$ 18,553	\$ 769,367	\$ 787,920

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 7 – Fund Balance Reclassifications and Adjustments

At the beginning of the 2020 fiscal year, the City made the decision to combine the previous year’s governmental funds into one major fund. There was also an opening adjustment to the general fund’s fund balance to reflect the amount of due from state that was not recorded. The water and sewer fund also had a statement due to the understatement of cash the prior year. The reclassification and restatement of fund balance in the general fund and water and sewer fund is as follows:

	General Fund	Water and Sewer Fund
General Fund's Fund Balance 9/30/2019	\$ (462,841)	\$ 5,122,702
Reclassification of Prior Year Fund Balances:		
Transportation Fund	(1,203,095)	-
Other Non-major Governmental Funds	(434,777)	-
Total Reclassification of Fund Balance to General Fund	(2,100,713)	5,122,702
Adjustment to Prior Year Fund Balance	34,072	167,279
Fund Balance, Beginning of the Year Restated	\$ (2,066,641)	\$ 5,289,981

Note 8 – Employee Retirement Plan

Defined Benefit Plans

Plan Description

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multi-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retirees’ Health Insurance Subsidy (HIS) Program is a cost-sharing, multi-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 8 – Employee Retirement Plan (Continued)

Benefits Provided

Benefits under FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The City's contribution rates for the year ended September 30, 2020 were as follows:

	Year Ended June 30, 2020		Year Ended June 30, 2021	
	FRS(2)	HIS	FRS(2)	HIS
Regular Class	6.75%	1.66%	8.28%	1.66%
Elected City Officers	47.10%	1.66%	47.46%	1.66%
Senior Management	23.69%	1.66%	25.57%	1.66%
DROP Plan Participants	12.94%	1.66%	15.26%	1.66%
Reemployment Retiree	(1)	(0)	(1)	(0)

- (1) Contribution rates are dependent upon retirement class in which reemployed.
- (2) The rates include the normal cost and unfunded actuarial liability contributions, but do not include the fee of 0.06% for administration of the FRS Investment Plan and provision of education tools.

The City's contributions for the year ended September 30, 2020, were \$97,274 to FRS and \$11,667 to HIS.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 8 – Employee Retirement Plan (Continued)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2020, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2019, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuation date July 1, 2018. The City’s proportions of the net pension liabilities were based on the City’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>
Net Pension Liability	\$ 1,268,900	\$ 247,205
Proportion at:		
Current Measurement Date	0.002927681%	0.002024641%
Prior Measurement Date	0.002937589%	0.002096605%
Pension Expense (Benefit)	\$ 259,714	\$ 19,617

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 48,563	\$ -
Changes of Assumptions	229,711	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	75,552	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5,659	(34,386)
Employer Contributions Subsequent to the Measurement Date	26,463	-
Total	<u>\$ 385,948</u>	<u>\$ (34,386)</u>
	<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 10,112	\$ (191)
Changes of Assumptions	26,582	(14,374)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	197	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,267	(16,125)
Employer Contributions Subsequent to the Measurement Date	2,979	-
Total	<u>\$ 44,137</u>	<u>\$ (30,690)</u>

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 8 – Employee Retirement Plan (Continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2020. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement period ending June 30,	FRS	HIS
2021	\$ 66,882	\$ 4,859
2022	105,176	3,031
2023	88,840	(1,773)
2024	52,875	416
2025	11,326	1,949
Thereafter	-	1,986
Total	\$325,099	\$ 10,468

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2020, was determined by an actuarial valuation dated July 1, 2018, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary Increase	3.25% Average, Including Inflation	3.25%
Discount Rate	6.80%	2.21%
Long-term Expected Rate of Return, Net of Investment Income	6.80%	N/A
Municipal Bond	N/A	2.21%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation date June 30, 2020 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 8 – Employee Retirement Plan (Continued)

The following changes in key actuarial assumptions occurred in 2020:

- FRS: The long-term expected rate of return was decreased from 6.90% to 6.80% and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was decreased from 3.50% to 2.21%.
- The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. For FRS, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation	Annual Arithmetic Return	Geometric Return	Standard Deviation
Cash	1%	2.2%	2.2%	1.2%
Fixed income	19%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
	<u>100%</u>			
Assumed Inflation-Mean			2.4%	1.7%

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.80%. FRS' 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 HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 8 – Employee Retirement Plan (Concluded)

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City’s proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

	FRS		
	Current		
	1% Decrease	Discount Rate	1% Increase
Employer's Proportionate Share of the Net Pension Liability	\$ 2,026,220	\$ 1,268,900	\$ 636,383

	HIS		
	Current		
	1% Decrease	Discount Rate	1% Increase
Employer's Proportionate Share of the Net Pension Liability	\$ 285,758	\$ 247,205	\$ 215,650

Pension Plans’ Fiduciary Net Position

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class.

Note 9 – Other Postemployment Benefits

The City provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits. The City contributes, along with its employees and retirees, to the Capital Health Plan (Plan) to provide certain healthcare benefits to active and retired employees and their dependents. The Plan is a single-employer plan administered by Capital Health Plan, Inc. and the City. The benefits, benefit levels, employee contributions and employer contributions are governed by the Plan.

Post-employment healthcare benefits are offered to retired employees and their dependents. All employees are eligible to receive benefits upon their retirement. All healthcare benefits are provided through the City’s Capital Health Plan employee healthcare plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental and substance abuse care; dental care; and prescriptions. Upon retirees reaching 65 years of age, Medicare becomes the primary insurer and the City’s plan will not pay benefits already paid by Medicare.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 9 – Other Postemployment Benefits (Concluded)

The City does not contribute any portion of the premiums for current retired employees. All premiums are paid entirely by the Plan participant. The use of age-adjusted premiums results in an implicit rate subsidy funded by the City since the healthcare premiums for retirees and active employees are identical.

The state of Florida's Division of Retirement contributes each month \$5 for each year of service, up to \$150 per month. The City's Capital Health Plan contract establishes the individual premium to be paid by the retired employees. The state of Florida prohibits the City from separately rating retired employees and active employees. As a result, the City's premium charges to retired employees can be no more than the premium cost applicable to active employees.

The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 75 establishes standard for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

Note 10 – Contingent and Commitments

Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government obtained general liability insurance at a cost it considered to be economically justifiable. The government pays an annual premium for its general insurance coverage to the Florida League of Cities Florida Municipal Insurance Trust.

The government continues to carry commercial insurance for all other risk of loss, including settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City continues to implement and monitor various risk control techniques to minimize accidents and losses to City personnel and property. The Worker's Compensation program is administered by Florida Municipal Insurance Trust.

Litigation

As of September 30, 2020, there exists no matters involving claims, unasserted possible claims, contingent liabilities or assessments for which there is any reasonable possibility that a City asset may be impaired, or litigation incurred.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 11 – Subsequent Events

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations on qualified charitable contributions, and technical corrections to tax depreciation methods.

The effect of the pandemic and CARES Act may have on future periods of the City is unknown.

The City has evaluated events and transactions for potential recognition and disclosure in the financial statements through February 7, 2023. No subsequent events have been recognized or disclosed.

CITY OF GRETNA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

CITY OF GRETNA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad Valorem	\$ 124,054	\$ 124,054	\$ 128,913	\$ 4,859
Utility and Other Taxes	335,033	335,033	116,501	(218,532)
Licenses and Permits	9,200	9,200	17,599	8,399
Intergovernmental Revenues	536,879	536,879	577,950	41,071
Grants and Contributions	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	4,500	4,500	2,634	(1,866)
Interest Income	-	-	-	-
Miscellaneous Revenues	253,200	253,200	270,793	17,593
Total Revenues	<u>1,262,866</u>	<u>1,262,866</u>	<u>1,114,390</u>	<u>(148,476)</u>
Expenditures				
Current:				
General Government	573,208	573,208	530,271	(42,937)
Transportation	149,623	149,623	95,477	(54,146)
Public Safety	413,760	413,760	357,929	(55,831)
Physical Environment	301,162	301,162	124,355	(176,807)
Culture and Recreation	59,153	59,153	28,321	(30,832)
Debt Service:				
Principal	-	-	28,360	28,360
Interest	-	-	1,654	1,654
Capital Outlay	-	-	153,572	153,572
Total Expenditures	<u>1,496,906</u>	<u>1,496,906</u>	<u>1,319,938</u>	<u>(176,968)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(234,040)</u>	<u>(234,040)</u>	<u>(205,549)</u>	<u>28,491</u>
Other Financing Sources (Uses)				
Transfers In	255,919	255,919	2,405,131	2,149,212
Transfers Out	-	-	-	-
Proceeds from Long-term Debt	-	-	-	-
Total Other Financing Sources (Uses)	<u>255,919</u>	<u>255,919</u>	<u>2,405,131</u>	<u>2,149,212</u>
Net Change in Fund Balance	21,879	21,879	2,199,583	2,177,704
Fund Balance, Beginning of Year	<u>(21,879)</u>	<u>(21,879)</u>	<u>(2,066,641)</u>	<u>(2,044,762)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,942</u>	<u>\$ 132,942</u>

CITY OF GRETNA, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Note 1 – Budgetary Information

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

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

1. Prior to October 1, the City Council receives a proposed operating budget for the next fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council.
5. The legal level of budgetary control is the fund level.
6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**CITY OF GRETNA, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30**

	<u>2020</u>
Florida Retirement System (FRS)	
Proportion of the net pension liability (asset)	0.002927681%
Proportionate share of the net pension liability (asset)	\$ 1,268,900
Covered-employee payroll	\$ 721,112
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	175.96%
Plan fiduciary net position as a percentage of the total pension liability	78.85%
Health Insurance Subsidy Program (HIS)	
Proportion of the net pension liability (asset)	0.002024641%
Proportionate share of the net pension liability (asset)	\$ 247,205
Covered-employee payroll	\$ 721,112
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.28%
Plan fiduciary net position as a percentage of the total pension liability	3.00%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

**CITY OF GRETNA, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30**

	2020
Florida Retirement System (FRS)	
Contractually required contribution	\$ 97,724
Contributions in relation to the contractually required contribution	(97,724)
Contribution deficiency (excess)	\$ 0
Covered-employee payroll	\$ 721,112
Contributions as a percentage of covered-employee payroll	13.55%
Health Insurance Subsidy Program (HIS)	
Contractually required contribution	\$ 11,667
Contributions in relation to the contractually required contribution	(11,667)
Contribution deficiency (excess)	\$ 0
Covered-employee payroll	\$ 721,112
Contributions as a percentage of covered-employee payroll	1.62%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

**CITY OF GRETNA, FLORIDA
OFFICIALS
SEPTEMBER 30, 2020**

Evelyn Riley Goldwire
Mayor

Gary Russ, Jr.
Mayor Pro-Tem

Jeff McNealy
Commissioner-Seat 3

Anthony J. Baker
Commissioner-Seat 4

James Payne
Commissioner-Seat 5

Antonio Jefferson
City Manager

CITY OF GRETNA, FLORIDA

COMPLIANCE SECTION

SEPTEMBER 30, 2020

**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 Honorable City Council,
City of Gretna, 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 each major fund of City of Gretna, Florida (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated February 7, 2023.

Because the City's management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability as of September 30, 2020 in its financial statements as required by accounting principles generally accepted in the United States of America, we issued a qualified opinion on the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds. The impact of such departure from generally accepted accounting principles would effect the deferred inflows, liabilities, deferred outflows, net position, and expenses in the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, as indicated in the table of contents, we did identify certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as findings 2020-001, 2020-002, 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, 2020-008, and 2020-009; in the schedule of findings as noted in the table of contents to be material weaknesses.

**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**

(Concluded)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, described as findings 2020-005 and 2020-009, in the schedule of findings as noted in the table of contents.

Purpose of This Report

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

Moran & Smith LLP

Moran & Smith LLP
February 7, 2023
Tallahassee, Florida

**CITY OF GRETNA, FLORIDA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

2020-001 – Prepare Financial Statements in Accordance with GAAP and Significant Adjustments

Criteria: 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 (“GAAP”)

Condition: Material adjustments were required to be made to the accounting records subsequent to the start of the audit process to be in accordance with GAAP.

Cause: Management relied on auditors to propose entries that had not been recorded at the time of the audit.

Effect: Incorrect recording of accounting records could lead to a material misstatement on the financial statements.

Recommendation: We recommend that management implement policies and procedures that would prevent material adjustments being proposed to the financial statements by auditors.

Management’s Response: The City has obtained the services of an experienced CPA who will assist in helping us maintain our accounting records.

2020-002 – Segregation of Duties

Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition: The size of the City’s accounting staff precludes certain internal controls that would be preferred. We believe that certain practices could be implemented to improve existing internal control without impairing efficiency.

Cause: The size of the City’s accounting and administrative staff precludes certain internal controls that would be preferred – including the posting of journal entries to the accounting system without any evidence of review or approval by any individual not responsible for the creation and posting of the entry.

Effect: Increase in the potential of material misstatements in the financial statements or fraud.

Recommendation: We recommend management design and implement internal controls related to the journal entry process.

Management’s Response: We have instituted a process on routine journal entries where they are created and reviewed by the City manager and another staff member for appropriateness. Recurring monthly journal entries will be completed within 30 days of the prior month’s end.

**CITY OF GRETNA, FLORIDA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

2020-003 – Bank and Investment Reconciliations

Criteria: Reconciling all cash and investment accounts accurately and on a timely basis is an essential internal control for preventing and detecting fraud.

Condition: We believe that certain practices should be implemented to ensure all cash accounts are reconciled to the accounting system accurately and on a timely basis.

Cause: Certain cash and investment accounts were not reconciled to the accounting system at the start of the audit. In addition, certain cash accounts that were reconciled, were not reconciled accurately or timely.

Effect: Failure to reconcile cash and investment accounts to the accounting system accurately on a timely basis could prevent management from preventing or detecting fraud. The actual cash balance in the pooled cash account at the end of the year was overstated by \$37,206.

Recommendation: We recommend management implement a process that will ensure all cash and investment accounts are reconciled to the accounting system on a timely basis and agree to the City's underlying records.

Management's Response: We will implement a process where all accounts are reconciled no later than 30 days of prior month's end.

2020-004 – Accounts Payable

Criteria: The ability to properly track vendor payables is an essential accounting function.

Condition: We noted the City does not utilize the features of the accounting system to generate accounts payable aging detail.

Cause: The accounting system has this function but it has not been fully implemented to track payables.

Effect: Failure to properly track vendor payables could produce a material misstatement of the financial statements.

Recommendation: We recommend management implement a system or process in which an accounts payable aging detail can be produced as of a point in time.

Management's Response: We agree with the finding and will change the accounting process to facilitate the entry of invoices immediately upon receipt.

**CITY OF GRETNA, FLORIDA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

2020-005 – Debt Compliance

Criteria: The City has various notes and bonds payables outstanding at year end with varying debt covenants. During our audit we became aware of covenants that were not met in accordance with the underlying debt agreements.

Condition: The City currently has outstanding revenue bonds through USDA, related to the City water and sewer system. The bonds require that the City charge and collect an amount that will produce revenue which will be sufficient to pay the operating expenses of the system and be sufficient to provide future payments of principal and interest related to the bonds. The City's utility system did not produce enough revenue in the current year to sufficiently pay operating expenses and provide future debt service payment of principal and interest. Transfers from other funds as well as prior year reserves were utilized in order to cover current year required payments. In addition, the bonds require the City establish a renewal and replacement fund and make regularly scheduled transfers to the fund in accordance with the bond agreements. As of September 30, 2020, there has not been regular transfers into a renewal and replacement checking account.

Cause: Unfavorable financial performance related to certain utility funds.

Effect: Noncompliance with certain debt covenants.

Recommendation: We recommend management take action to become in compliance with all debt covenants.

Management's Response: The City consistently makes its bond payments on time each year and has maintained the assets as required by all bond covenants. In February of 2020 the City Commission adopted an Asset Management Plan which included an automatic minimum user rate adjustment of 2% per year to ensure the system's financial health.

2020-006 – Accounts Receivable and Utility Billings

Criteria: The ability to properly track monthly utility billings and the offsetting accounts receivable is an essential accounting function.

Condition: The City is not reconciling the detailed accounts receivable balance per customer report to the general ledger at month's end.

Cause: The City is not reconciling monthly system generated journal entries for the utility billings to the general ledger accounting system.

Effect: Failure to properly post utility billings to the general ledger could produce a material misstatement of the financial statements.

Recommendation: We recommend management implement a system or process to review all postings to the general ledger for all utility billings.

Management's Response: We agree with the finding and will make changes in our billing process to ensure there are appropriate reviews of monthly billing before it is posted to the general ledger.

**CITY OF GRETNA, FLORIDA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

2020-007 – Restricted Grant Revenue

Criteria: Grant revenue is restricted and is only to be used for the stated purpose of the grant.

Condition: The City received a grant award from the Florida Division of Emergency Management for \$934,033 (CSFA#31.070; agreement F0044-1). The purpose was to construct a new 350,000-gallon storage tank and the associated high service pumps. During the year the City reported spending \$10,000 of the proceeds on the project. The balance of the advance was posted to a deferred revenue account. The original grant revenue was deposited into the pooled cash account. At year end the pooled cash account had a balance of only \$566,508. The City spent all the cash generated during the year from all sources, as well as \$357,525 of the restricted grant proceeds. This money was used to pay the normal operating expenses of the City as a whole.

Cause: The City is not collecting enough cash to cover the operating expenses and debt payments.

Effect: Using restricted grant advances to pay operating expenses is going to for the City to somehow find an additional \$357,000 to complete the water tank project. The grant must be paid back.

Recommendation: We recommend management review the operating budget of the City and determine how these grant funds are going to be returned.

Management's Response: Due to revenue sharing restrictions related to untimely submission of audit reports and the requirements of other reimbursement-based state grants, we utilized funds available to meet obligations. The City will meet expectation for the referenced grant.

2020-008 – Fixed Asset Records

Criteria: A documented physical inventory and inspection of property and equipment should be conducted annually as required by the state of Florida per rule 691-73. A reconciliation should also be completed between the current year additions on the property listing and the capital outlay accounts for the year. The inventory log should be reviewed for errors. Finally, a tag system should be implemented and used throughout the City to keep track of the City's assets.

Condition: Property and equipment records were not complete per the requirements set by the state of Florida and the property and equipment is not being properly tagged. An inventory was not taken during the year ended September 30, 2020, that can be agreed to the general fixed asset records presented in the audit report.

Cause: The City is not maintaining accurate property and equipment records.

Effect: By not tracking assets appropriately, the City may fail to detect and correct errors in property and equipment records in a timely manner. There is also a possibility of property theft or misplacement without the City's knowledge or overstatement of property and equipment for assets not being disposed of in a timely manner. Finally, the City may not have the necessary records associated with funding sources to verify assets are disposed of as required by grantors, when applicable.

**CITY OF GRETNA, FLORIDA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Recommendation: We recommend the City work to improve procedures related to tracking assets, including their disposal in accordance with the requirements set forth in state of Florida Rule 691-73.

Management's Response: We agree with the finding and will make the needed changes to avoid this finding in the future.

2020-009 – Required Supplementary Information Schedules

Criteria: Local governments are required to submit required supplementary information which include schedule of changes in other postemployment benefits and related ratios, schedules of proportionate share of net pension liability and schedule of contributions. These are required to be shown for the past ten years.

Condition: The City has not been providing any of the required supplemental schedules as listed above. They have provided the schedules related to the pension plan for the current year, but they still need to go back and prepare the previous years.

Cause: The City is not preparing the required supplemental schedules for the previous years as required.

Effect: The City is not in compliance with GASB requirements.

Management's Response: We agree with the finding and will make the needed changes to avoid this finding in the future.

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415 FLORIDA STATUTES**

To the Honorable City Council,
City of Gretna, Florida:

We have examined the City of Gretna, Florida (the “City”), compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2020, as required by Section 10.556(10)(a), *Rules of the Auditor General*. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with those requirements. An examination involves performing procedures to obtain evidence about the City’s compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 fiscal year ended September 30, 2020.

Moran & Smith LLP

Moran & Smith LLP
February 7, 2023
Tallahassee, Florida

**MANAGEMENT LETTER IN ACCORDANCE WITH
RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Honorable City Council,
City of Gretna, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of Gretna, Florida (the “City”) as of and for the fiscal year ended September 30, 2020 and have issued our report thereon dated February 7, 2023.

Because the City’s management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability as of September 30, 2020 in its financial statements as required by accounting principles generally accepted in the United States of America, we issued a qualified opinion on the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds. The impact of such departure from generally accepted accounting principles would effect the deferred inflows, liabilities, deferred outflows, net position, and expenses in the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. There were no audit findings or recommendations identified in the preceding annual financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority is disclosed in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., and 10.556(7) *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

**MANAGEMENT LETTER IN ACCORDANCE WITH
RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA
(Concluded)**

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Members of the City and management, and is not intended to be and should not be used by anyone other than these specified parties.

Moran & Smith LLP

Moran & Smith LLP
February 7, 2023
Tallahassee, Florida