

CITY OF TRENTON, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2021

CITY OF TRENTON, TEXAS  
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September 30, 2021

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members  
of the City Council  
City of Trenton, Texas

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Trenton, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Honorable Mayor and Members  
of the City Council  
City of Trenton, Texas

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Trenton, Texas, as of September 30, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis of Accounting**

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

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Trenton, Texas' basic financial statements. The budgetary comparison schedule, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*McClanahan and Holmes, LLP*  
Certified Public Accountants

Bonham, Texas  
November 30, 2021

CITY OF TRENTON, TEXAS  
Statement of Net Position - Modified Cash Basis  
September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Trenton Community Development Corporation
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 818,088	\$ 156,462	\$ 974,550	\$ 214,587
Investments	12,521	-	12,521	-
Overpayments	1,328	2,000	3,328	-
Intergovernmental Receivables	-	-	-	13,163
Internal Balances	83,269	(83,269)	-	-
Restricted Assets:				
Cash	-	16,781	16,781	-
Investments	-	45,554	45,554	-
Capital Assets Not Being Depreciated:				
Land	53,126	-	53,126	-
Construction in Progress	581,894	27,372	609,266	-
Capital Assets, Net of Accumulated Depreciation:				
Improvements	449,321	-	449,321	80,487
Buildings	57,553	-	57,553	-
Furniture, Equipment, and Vehicles	117,646	60,311	177,957	-
Utility Plant in Service	-	2,818,516	2,818,516	-
<b>Total Assets</b>	<b>2,174,746</b>	<b>3,043,727</b>	<b>5,218,473</b>	<b>308,237</b>
<b>LIABILITIES</b>				
Payroll Liabilities	2,378	3,055	5,433	-
Intergovernmental Payable	13,163	-	13,163	-
Customers' Meter Deposits	-	33,281	33,281	-
Noncurrent Liabilities:				
Due Within One Year	83,889	86,305	170,194	-
Due in More than One Year	427,711	1,088,156	1,515,867	-
<b>Total Liabilities</b>	<b>527,141</b>	<b>1,210,797</b>	<b>1,737,938</b>	<b>-</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	747,940	1,731,738	2,479,678	80,487
Restricted for:				
Debt Service	79,395	-	79,395	-
Unrestricted	820,270	101,192	921,462	227,750
<b>Total Net Position</b>	<b>\$ 1,647,605</b>	<b>\$ 1,832,930</b>	<b>\$ 3,480,535</b>	<b>\$ 308,237</b>

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

CITY OF TRENTON, TEXAS  
 Statement of Activities - Modified Cash Basis  
 For the Year Ended September 30, 2021

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit Trenton Community Development Corporation
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Primary Government		
<b>Primary Government</b>									
Governmental Activities:									
General Government	\$ 176,918	\$ -	\$ 115,067	\$ (61,851)	\$ -	\$ (61,851)	\$ -	\$ -	
Public Safety	400,083	50,632	-	(349,451)	-	(349,451)	-	-	
Sanitation Contract	110,584	115,457	-	4,873	-	4,873	-	-	
Street Maintenance	33,758	-	-	(33,758)	-	(33,758)	-	-	
Interest	13,641	-	-	(13,641)	-	(13,641)	-	-	
<b>Total Governmental Activities</b>	<u>734,984</u>	<u>166,089</u>	<u>115,067</u>	<u>(453,828)</u>	<u>-</u>	<u>(453,828)</u>	<u>-</u>	<u>-</u>	
<b>Business-Type Activities:</b>									
Water and Sewer	588,126	506,625	27,372	-	(54,129)	(54,129)	-	-	
<b>Total Primary Government</b>	<u>\$ 1,323,110</u>	<u>\$ 672,714</u>	<u>\$ 142,439</u>	<u>(453,828)</u>	<u>(54,129)</u>	<u>(507,957)</u>	<u>-</u>	<u>-</u>	
<b>Component Unit</b>									
Trenton Community Development Corporation	\$ 99,159	\$ -	\$ -				(99,159)		
<b>General Revenues</b>									
Taxes:									
Property Tax				373,236		373,236		-	
Sales Tax				157,364		157,364		78,802	
Franchise Tax				27,248		27,248		-	
Miscellaneous Revenue				11,472		11,472		10,242	
Interest on Investments				2,131	248	2,379		322	
Gain (Loss) on Sale of Assets				53		53		(840)	
Transfers				(61,889)	61,889	-		-	
<b>Total General Revenues and Transfers</b>				<u>509,615</u>	<u>62,137</u>	<u>571,752</u>		<u>88,526</u>	
<b>Change in Net Position</b>				<u>55,787</u>	<u>8,008</u>	<u>63,795</u>		<u>(10,633)</u>	
<b>Net Position - Beginning</b>				<u>1,591,818</u>	<u>1,824,922</u>	<u>3,416,740</u>		<u>318,870</u>	
<b>Net Position - Ending</b>				<u>\$ 1,647,605</u>	<u>\$ 1,832,930</u>	<u>\$ 3,480,535</u>		<u>\$ 308,237</u>	

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

CITY OF TRENTON, TEXAS  
Governmental Funds  
Balance Sheet - Modified Cash Basis  
September 30, 2021

	General Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 738,693	\$ 79,395	\$ 818,088
Investments	12,521	-	12,521
Overpayments	1,328	-	1,328
Due From Other Funds	83,269	-	83,269
Total Assets	\$ 835,811	\$ 79,395	\$ 915,206
<b>LIABILITIES</b>			
Payroll Liabilities	\$ 2,378	\$ -	\$ 2,378
Intergovernmental Payable	13,163	-	13,163
Total Liabilities	15,541	-	15,541
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
Debt Service	-	79,395	79,395
Committed Fund Balance:			
SNAP	2,818	-	2,818
Municipal Court Technology Fund	1,734	-	1,734
Unassigned Fund Balance:	815,718	-	815,718
Total Fund Balances	820,270	79,395	899,665
Total Liabilities and Fund Balances	\$ 835,811	\$ 79,395	\$ 915,206
Fund Balances - Total Governmental Funds (above)			\$ 899,665
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the asset is \$2,450,000 and the accumulated depreciation is \$1,190,460.			
			1,259,540
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:			
Time Warrants Payable			(84,455)
Certificates of Obligation			(295,000)
Notes Payable			(58,061)
Capital Lease Obligations			(74,084)
Net Position of Governmental Activities			\$ 1,647,605

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

CITY OF TRENTON, TEXAS  
 Governmental Funds  
 Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Modified Cash Basis  
 For the Year Ended September 30, 2021

	General Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>			
Property Tax	\$ 256,413	\$ 116,824	\$ 373,237
Sales Tax	157,364	-	157,364
Franchise Tax	27,248	-	27,248
Fines	34,624	-	34,624
Charges for School Resource Officer	16,008	-	16,008
Sanitation Fees and Charges	115,457	-	115,457
Intergovernmental	115,067	-	115,067
Interest	1,999	132	2,131
Payment in Lieu of Taxes-(Housing Authority)	3,182	-	3,182
Miscellaneous	7,257	-	7,257
Total Revenues	<u>734,619</u>	<u>116,956</u>	<u>851,575</u>
<b>EXPENDITURES</b>			
Current:			
General Government:			
Contractual Services	9,411	-	9,411
Insurance - Property, Liability, and Workers' Compensation	12,430	-	12,430
Office	14,739	-	14,739
Professional Fees	50,645	-	50,645
Appraisal District	21,558	-	21,558
Utilities	29,200	-	29,200
Park Improvements and Maintenance	4,654	-	4,654
Other	2,932	-	2,932
Public Safety:			
Health Insurance	15,334	-	15,334
Payroll - Police	161,429	-	161,429
Payroll - Office	46,582	-	46,582
Payroll Taxes	17,932	-	17,932
Retirement	7,300	-	7,300
Municipal Court	10,128	-	10,128
Police Department	84,530	-	84,530
Fire Department	14,250	-	14,250
Sanitation Contract	110,584	-	110,584
Street Maintenance and Equipment	6,104	-	6,104
Capital Outlay	358,232	-	358,232
Debt Service:			
Principal	50,273	30,298	80,571
Interest and Fees	7,318	6,322	13,640
Total Expenditures	<u>1,035,565</u>	<u>36,620</u>	<u>1,072,185</u>

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

CITY OF TRENTON, TEXAS  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Modified Cash Basis (Continued)  
For the Year Ended September 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues over Expenditures	(300,946)	80,336	(220,610)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Issuance of Long-Term Debt	295,000	-	295,000
Proceeds from Capital Lease	62,758	-	62,758
Proceeds from Sale of Capital Assets	25,492	-	25,492
Insurance Recoveries	1,032	-	1,032
Transfers In (Out)	-	(61,889)	(61,889)
Total Other Financing Sources (Uses)	<u>384,282</u>	<u>(61,889)</u>	<u>322,393</u>
Net Change in Fund Balances	83,336	18,447	101,783
Fund Balances - Beginning	<u>736,934</u>	<u>60,948</u>	<u>797,882</u>
Fund Balances - Ending	<u>\$ 820,270</u>	<u>\$ 79,395</u>	<u>\$ 899,665</u>
Net Change in Fund Balances - Total Governmental Funds (above)			\$ 101,783
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental Funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$358,232) exceeded depreciation (\$101,602) in the current year.			256,630
The net effect of transactions involving the sale of capital assets is to decrease net assets.			(25,439)
Proceeds from the issuance of debt is income in the Governmental Fund, but increases liabilities in the Statements of Net Position.			(357,758)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.			<u>80,571</u>
Change in Net Position - Governmental Activities			<u>\$ 55,787</u>

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

CITY OF TRENTON, TEXAS  
Proprietary Fund  
Statement of Net Position - Modified Cash Basis  
September 30, 2021

	Business-Type Activities
	Water and Sewer Fund
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 156,462
Overpayments	2,000
Restricted Assets	
Restricted Cash	16,781
Restricted Investments	45,554
Total Current Assets	220,797
Noncurrent Assets	
Capital Assets:	
Construction in Progress	27,372
Furniture, Equipment, and Vehicles	189,358
Utility Plant in Service	5,668,207
Less Accumulated Depreciation	(2,978,738)
Total Noncurrent Assets	2,906,199
Total Assets	3,126,996
<b>LIABILITIES</b>	
Current Liabilities	
Payroll Liabilities	3,055
Capital Lease Obligation - Current	14,522
Time Warrants Payable - Current	55,783
Certificates of Obligation - Current	16,000
Customers' Meter Deposits	33,281
Due to Other Funds	83,269
Total Current Liabilities	205,910
Noncurrent Liabilities	
Capital Lease Obligation	47,595
Time Warrants Payable	135,561
Certificates of Obligation	905,000
Total Noncurrent Liabilities	1,088,156
Total Liabilities	1,294,066
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,731,738
Unrestricted	101,192
Total Net Position	\$ 1,832,930

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

CITY OF TRENTON, TEXAS  
 Proprietary Fund  
 Statement of Revenues, Expenses, and Changes in Fund Net Position -  
 Modified Cash Basis  
 For the Year Ended September 30, 2021

	Business-Type Activities
	Water and Sewer Fund
<b>OPERATING REVENUES</b>	
Customer Charges	\$ 506,625
Total Operating Revenues	506,625
<b>OPERATING EXPENSES</b>	
Payroll	134,612
Payroll Taxes	12,075
Retirement	3,716
Water and Wastewater Services	40,283
Insurance - Health	17,109
Insurance - Property, Liability, and Workers' Compensation	14,849
Utilities	42,211
Water and Sewer System Maintenance	99,732
Vehicle Expenses	15,048
Miscellaneous	5,177
Depreciation	159,172
Total Operating Expenses	543,984
Operating Income (Loss)	(37,359)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	248
Interest Expense	(44,142)
Total Nonoperating Revenues (Expenses)	(43,894)
Income (Loss) Before Capital Contributions and Transfers	(81,253)
Capital Contributions	27,372
Transfers In	61,889
Change in Net Position	8,008
Net Position - Beginning	1,824,922
Net Position - Ending	\$ 1,832,930

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

CITY OF TRENTON, TEXAS  
 Proprietary Fund  
 Statement of Cash Flows - Modified Cash Basis  
 For the Year Ended September 30, 2021

	Business-Type Activities
	Water and Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 507,255
Payments to Suppliers and Service Providers	(234,409)
Payments to Employees for Salaries and Benefits	(149,252)
Overpayments	(2,000)
Net Cash Provided By (Used For) Operating Activities	121,594
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer (to) from Other Funds	33,742
Net Cash Provided By (Used For) Noncapital Financing Activities	33,742
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and Construction of Capital Assets	(24,935)
Principal Payments on Note Payable	(2,901)
Principal Payments on Time Warrants	(53,757)
Principal Payments on Certificates of Obligation	(17,000)
Principal Payments on Capital Leases	(13,889)
Interest Payments on Debt	(44,142)
Net Cash Provided By (Used For) Capital and Related Financing Activities	(156,624)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Interest Earnings	248
Net Cash Provided By (Used For) Investing Activities	248
Net Increase (Decrease) in Cash and Cash Equivalents	(1,040)
Cash and Cash Equivalents, Beginning	174,283
Cash and Cash Equivalents, Ending	\$ 173,243
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For)</b>	
Operating Activities:	
Operating Income (Loss)	\$ (37,359)
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided By (Used For) Operating Activities:	
Depreciation	159,172
Decrease (Increase) in Overpayments	(2,000)
Increase (Decrease) in Payroll Liabilities	1,151
Increase (Decrease) in Customers' Deposits	630
Total Adjustments	158,953
Net Cash Provided By (Used For) Operating Activities	\$ 121,594
Noncash Capital Activities:	
Acquisition of Equipment through Capital Contributions	\$ 27,372

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

CITY OF TRENTON, TEXAS  
Notes to Financial Statements  
September 30, 2021

Note 1: Summary of Significant Accounting Policies

The City of Trenton is a municipal corporation governed by elected councilmen and a mayor. The City's major operations include public safety, public works, and general government services. Additionally, the City operates a water and sewer system.

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units, and by the Financial Accounting Standards Board (when applicable). The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. The more significant accounting policies of the City are described below:

A. Financial Reporting Entity

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

The City of Trenton, for financial purposes, includes all of the funds relevant to the operations of the City of Trenton. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The component unit does not issue separately audited financial statements.

The component unit referred to above is the Trenton Community Development Corporation. The entity was incorporated under the Texas Non-Profit Corporation Act on December 10, 1998. It operates without capital stock and was formed to promote high quality development in the City of Trenton by the enhancement and expansion of the local economy through financial and other incentives. The governing body of Trenton Community Development Corporation is appointed by the City Council.

B. Basis of Presentation

Government-Wide Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity and its component unit. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid in financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

The City has the following major funds:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general obligation debt of governmental funds.

Proprietary Fund

Enterprise Fund - The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's one enterprise fund is the Water and Sewer Fund which is used to account for the provision of water and sewer services to the City's residents.

C. Measurement Focus and Basis of Accounting

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below:

In the fund financial statements, the “current financial resources” measurement focus, as applied to the modified cash basis of accounting, is used.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund balance is classified as net position.

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

The City of Trenton prepares its financial statements on the modified cash basis. The modified cash basis recognizes revenue when collected rather than when it is earned, and expenses are generally recognized when paid rather than when the obligation is incurred. Therefore, the financial statements do not reflect receivables, payables, and accrued items. Depreciation of fixed assets is presented in the government-wide statements and the proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

D. Assets, Liabilities, and Equity

Cash and Cash Equivalents

For the purpose of financial reporting, cash includes all cash on hand, demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

Investments

Investments classified in the financial statements consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary fund. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. The City elected not to report major general infrastructure assets retroactively. Therefore, infrastructure assets acquired after October 1, 2003 will be recorded at cost.

Assets capitalized have an original cost of more than \$5,000 and useful life in excess of one year. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives are as follows:

Improvements	10-40 Years
Buildings	40-50 Years
Furniture, Equipment, and Vehicles	5-7 Years
Utility Plant In Service	10-50 Years

Long-Term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Equity (Continued)

Capital Leases

Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Amortization expense is computed using the straight-line method over the useful lives of the assets and is included in depreciation expense.

Net Position/Fund Balance

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Non-spendable – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The City does not have any restricted fund balances by enabling legislation.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only the City Council may assign amounts for specific purposes.

Unassigned – All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

E. Revenues, Expenditures, and Expenses

Program Revenues

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include fine and sanitation revenue and specific donations. All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenue and Expenses

Operating revenues and expenses for the proprietary fund result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

F. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Note 2: Stewardship, Compliance, and Accountability

By its nature as a local government unit, the City and its component unit are subject to various federal, state, and local laws and contractual regulations. The following instances of noncompliance are considered material to the financial statements:

For the year ended September 30, 2021, the City's expenditures exceeded appropriations at the legal level of control in the General Fund as follows:

<u>Object Category</u>	<u>Expenditures Exceeding Appropriations</u>
Office	\$ 4,739
Professional Fees	10,645
Appraisal District	5,558
Park Improvements and Maintenance	1,654
Other	1,232
Payroll – Office	4,582
Payroll Taxes	932
Retirement	300
Police Department	48,530
Fire Department	4,250
Sanitation Contract	8,584
Street Maintenance and Equipment	2,104

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 2: Stewardship, Compliance, and Accountability (Continued)

<u>Object Category</u>	<u>Expenditures Exceeding Appropriations</u>
Capital Outlay	358,232
Debt Service	21,391

Note 3: Bank Deposits and Investments

Primary Government

The City has not adopted formal deposit and investment policies other than that of the State of Texas.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). Deposited funds may be invested in certificates of deposits in institutions that are domiciled in the State of Texas. Collateral agreements must be approved prior to deposit of funds as provided by law.

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit. At September 30, 2021, the City was not exposed to custodial credit risk since deposits were insured or collateralized with an FHLB Custodial Standby Letter of Credit pledged to the City.

At September 30, 2021, the carrying amount of deposits was \$1,049,406 and the bank balance was \$997,383.

The City's Certificates of Deposit totaling \$58,075 are considered deposits for this footnote but are classified as investments on the face of the financial statements.

Component Unit

At September 30, 2021, the carrying amount of the Trenton Community Development Corporation's deposits was \$214,587 and the bank balance was \$220,331.

Note 4: Restricted Assets

The ordinance authorizing the issuance of the Certificates of Obligation provides for monthly deposits to an interest and sinking fund sufficient to pay maturing principal and interest. The Certificates were issued for the purpose of paying costs associated with the construction of improvements and extensions to the City's combined water and sewage system.

An analysis of restricted assets at September 30, 2021, follows:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Interest and Sinking Fund	\$ -	\$ 29,054	\$ 29,054
Customer's Meter Deposits	<u>16,781</u>	<u>16,500</u>	<u>33,281</u>
	<u>\$ 16,781</u>	<u>\$ 45,554</u>	<u>\$ 62,335</u>

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 5: Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Tax rates per \$100 valuation for the 2020 levy amounted to .5417 for maintenance and operation and .2471 for interest and sinking.

Note 6: Capital Assets

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

	<u>Balance</u> <u>9/30/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/21</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 53,126	\$ -	\$ -	\$ 53,126
Construction in Progress	<u>286,420</u>	<u>295,474</u>	<u>-</u>	<u>581,894</u>
	<u>339,546</u>	<u>295,474</u>	<u>-</u>	<u>635,020</u>
Capital Assets being Depreciated:				
Improvements	1,180,326	-	(10,000)	1,170,326
Buildings	134,234	-	(13,963)	120,271
Furniture, Equipment, and Vehicles	<u>534,048</u>	<u>62,758</u>	<u>(72,423)</u>	<u>524,383</u>
	<u>1,848,608</u>	<u>62,758</u>	<u>(96,386)</u>	<u>1,814,980</u>
Less Accumulated Depreciation for:				
Improvements	675,391	55,614	(10,000)	721,005
Buildings	70,812	2,881	(10,975)	62,718
Furniture, Equipment, and Vehicles	<u>413,602</u>	<u>43,107</u>	<u>(49,972)</u>	<u>406,737</u>
Total Accumulated Depreciation	<u>1,159,805</u>	<u>101,602</u>	<u>(70,947)</u>	<u>1,190,460</u>
Capital Assets being Depreciated, Net	<u>688,803</u>	<u>(38,844)</u>	<u>(25,439)</u>	<u>624,520</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,028,349</u>	<u>\$ 256,630</u>	<u>\$ (25,439)</u>	<u>\$1,259,540</u>

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 6: Capital Assets (Continued)

	<u>Balance</u> <u>9/30/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/21</u>
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Construction in Progress	\$ -	\$ 27,372	\$ -	\$ 27,372
	<u>-</u>	<u>27,372</u>	<u>-</u>	<u>27,372</u>
Capital Assets being Depreciated:				
Furniture, Equipment, and Vehicles	190,953	-	(1,595)	189,358
Utility Plant in Service	<u>5,643,272</u>	<u>24,935</u>	<u>-</u>	<u>5,668,207</u>
	<u>5,834,225</u>	<u>24,935</u>	<u>(1,595)</u>	<u>5,857,565</u>
Less Accumulated Depreciation for:				
Furniture, Equipment, and Vehicles	112,214	18,428	(1,595)	129,047
Utility Plant in Service	<u>2,708,947</u>	<u>140,744</u>	<u>-</u>	<u>2,849,691</u>
	<u>2,821,161</u>	<u>159,172</u>	<u>(1,595)</u>	<u>2,978,738</u>
Capital Assets being Depreciated, Net	<u>3,013,064</u>	<u>( 134,237)</u>	<u>-</u>	<u>2,878,827</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,013,064</u>	<u>\$ ( 106,865)</u>	<u>\$ -</u>	<u>\$ 2,906,199</u>

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 6: Capital Assets (Continued)

	<u>Balance</u> <u>9/30/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/21</u>
Component Unit:				
Capital Assets, not being Depreciated:	\$ -	\$ -	\$ -	\$ -
Capital Assets being Depreciated:				
Improvements	<u>115,018</u>	<u>-</u>	<u>(1,200)</u>	<u>113,818</u>
	<u>115,018</u>	<u>-</u>	<u>(1,200)</u>	<u>113,818</u>
Less Accumulated Depreciation for:				
Improvements	<u>28,580</u>	<u>5,111</u>	<u>(360)</u>	<u>33,331</u>
Total Accumulated Depreciation	<u>28,580</u>	<u>5,111</u>	<u>(360)</u>	<u>33,331</u>
Capital Assets being Depreciated, Net	<u>86,438</u>	<u>(5,111)</u>	<u>(840)</u>	<u>80,487</u>
Component Unit Capital Assets, Net	<u>\$ 86,438</u>	<u>\$ (5,111)</u>	<u>\$ (840)</u>	<u>\$ 80,487</u>

Depreciation expense was charged to functions/programs in the Statement of Activities as follows:

Governmental Activities:	
General Government	\$ 31,350
Public Safety	42,598
Street Maintenance	<u>27,654</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 101,602</u>

Note 7: Long-Term Debt

The City's long-term debt arising from cash transactions is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. Long-term debt is comprised of the following:

Governmental Activities

	<u>Balance</u> <u>9/30/21</u>
Time Warrants:	
\$274,689 Time Warrants issued April 5, 2013, bear interest at 3.75% and are payable in monthly installments of \$2,427 with the final payment due April 5, 2025. The warrants were used to refinance other time warrants and bonds.	<u>\$ 84,455</u>
Total Time Warrants	<u>\$ 84,455</u>

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 7: Long-Term Debt (Continued)

Governmental Activities (Continued)

Certificates of Obligation:

\$300,000 Certificates of Obligation issued September 15, 2020, to be used for fire station construction, bear interest at 2.25% and are payable in annual installments of \$5,000 with the final payment due in 2060. \$ 295,000

Total Certificates of Obligation \$ 295,000

Notes Payable:

\$42,064 Note Payable to COPsync, Inc., due in an initial installment of \$10,000, then annual installments of \$8,016 through March 2020, with interest at 0.00%. COPsync filed for bankruptcy and final payments are not made due to nonperformance. \$ 16,032

\$67,393 Note Payable to First State Bank, due in annual installments of \$15,160 through November 2023, with interest at 4.05%. 42,029

Total Notes Payable \$ 58,061

Business-Type Activities

Certificates of Obligation:

\$1,034,000 Texas Combination Tax and Junior Lien Revenue Certificates of Obligation, Series 2011, bear interest at 3.5% and are payable in annual principal amounts of \$17,000 to \$48,000 through 2052. \$ 921,000

Total Certificates of Obligation \$ 921,000

Time Warrants:

\$595,589 Time Warrants issued April 5, 2013, bear interest at 3.75% and are payable in monthly installments of \$5,157 with the final payment due April 5, 2025. The warrants were used to refinance other time warrants and certificates of obligation. \$ 191,344

Total Time Warrants \$ 191,344

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 7: Long-Term Debt (Continued)

The following is a summary of changes in long-term debt for the year ended September 30, 2021:

<u>Type of Debt</u>	<u>Balance 9/30/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 9/30/21</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Time Warrants	\$ 109,753	\$ -	\$ 25,298	\$ 84,455	\$ 26,251
Certificates of Obligation	5,000	295,000	5,000	295,000	5,000
Notes Payable	70,995	-	12,934	58,061	29,489
Capital Lease	48,665	62,758	37,339	74,084	23,149
Total Governmental Activities:	<u>\$ 234,413</u>	<u>\$ 357,758</u>	<u>\$ 80,571</u>	<u>\$ 511,600</u>	<u>\$ 83,889</u>
<u>Business-Type Activities:</u>					
Certificates of Obligation	\$ 938,000	\$ -	\$ 17,000	\$ 921,000	\$ 16,000
Time Warrants	245,101	-	53,757	191,344	55,783
Note Payable	2,901	-	2,901	-	-
Capital Lease	76,006	-	13,889	62,117	14,522
Total Business-Type Activities:	<u>\$1,262,008</u>	<u>\$ -</u>	<u>\$ 87,547</u>	<u>\$1,174,461</u>	<u>\$ 86,305</u>

Annual debt service requirements to maturity for long-term debt are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 83,889	\$ 14,953	\$ 86,305	\$ 41,210	\$ 226,357
2023	58,432	11,020	90,086	37,866	197,404
2024	60,403	8,937	93,976	34,392	197,708
2025	20,574	7,071	54,094	31,398	113,137
2026	18,302	6,529	18,000	29,940	72,771
2027	5,000	6,019	20,000	29,293	60,312
2028	5,000	5,906	21,000	28,624	60,530
2029	6,000	5,783	21,000	27,931	60,714
2030	6,000	5,647	22,000	27,214	60,861
2031	6,000	5,513	23,000	26,472	60,985
2032	6,000	5,377	23,000	25,703	60,080
2033	6,000	5,243	25,000	24,908	61,151
2034	6,000	5,107	27,000	24,085	62,192
2035	6,000	4,973	26,000	23,234	60,207
2036	7,000	4,826	27,000	22,352	61,178
2037	7,000	4,669	28,000	21,440	61,109
2038	7,000	4,511	29,000	20,496	61,007
2039	7,000	4,354	30,000	19,518	60,872
2040	7,000	4,196	31,000	18,507	60,703
2041	7,000	4,039	33,000	17,460	61,499
2042	7,000	3,881	34,000	16,376	61,257

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 7: Long-Term Debt (Continued)

Year Ending September 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2043	8,000	3,713	35,000	15,255	61,968
2044	8,000	3,532	36,000	14,094	61,626
2045	8,000	3,353	38,000	12,893	62,246
2046	8,000	3,172	39,000	11,649	61,821
2047	8,000	2,993	40,000	10,362	61,355
2048	9,000	2,801	42,000	9,030	62,831
2049	9,000	2,599	43,000	7,652	62,251
2050	9,000	2,396	45,000	6,225	62,621
2051	9,000	2,194	46,000	4,748	61,942
2052	9,000	1,991	48,000	4,855	63,846
2053	10,000	1,778	-	-	11,778
2054	10,000	1,552	-	-	11,552
2055	10,000	1,328	-	-	11,328
2056	10,000	1,102	-	-	11,102
2057	10,000	877	-	-	10,877
2058	11,000	641	-	-	11,641
2059	11,000	394	-	-	11,394
2060	12,000	135	-	-	12,135
	<u>\$ 511,600</u>	<u>\$ 165,105</u>	<u>\$1,174,461</u>	<u>\$ 645,182</u>	<u>\$2,496,348</u>

Note 8: Capital Leases

Governmental: In March 2018, the City began leasing equipment under an agreement classified as a capital lease due to a bargain purchase option. In February 2021, the City began leasing equipment under an agreement classified as a capital lease due to a bargain purchase option. Business-Type: In October 2019, the City began leasing equipment under an agreement classified as a capital lease due to a bargain purchase option. As of September 30, 2021 the capital lease and accumulated amortization are as follows for the leases:

	Governmental Activities	Business-Type Activities
Capital Lease Equipment, at Cost	\$ 110,847	\$ 76,006
Less Accumulated Amortization	(40,985)	(21,716)
Capital Lease Equipment, Net	<u>\$ 69,862</u>	<u>\$ 54,290</u>

The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of September 30, 2021 are as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2022	\$ 26,946	\$ 17,311
2023	13,700	17,311
2024	13,700	17,311
2025	13,700	17,311
2026	13,700	-
Total Minimum Lease Payments	81,746	69,244
Less Amount Representing Interest	(7,662)	(7,127)
Present Value of Net Minimum Lease Payments	74,084	62,117
Less Current Maturities of Capital Lease Obligations	(23,149)	(14,522)
	<u>\$ 50,935</u>	<u>\$ 47,595</u>

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 9: Interfund Balances and Transfers

Interfund transfers for the year ended September 30, 2021, consisted of the following individual amounts:

Transfers to Water and Sewer Fund From:	
Debt Service Fund	\$ 61,889
Total Transferred to Water and Sewer Fund	<u>\$ 61,889</u>

The transfers were used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

Due To/Due From's for the year ended September 30, 2021 consisted of the following:

Due to General Fund From:	
Water Sewer	\$ 83,269
Total Due to General Fund	<u>\$ 83,269</u>

\$24,000 of the due to/due from was used by the City to begin the sewer development plan and paid for engineering fees. The City borrowed the proceeds from the City Park grant. The remaining \$59,269 was used to pay the garbage fee. The balance is scheduled to be collected in the subsequent year.

Note 10: Number of Water and Sewer System Customers

At year-end, 385 customers were connected to the water system, and 357 to the sewer system.

Note 11: Pension Plan

A. Plan Description

The City of Trenton participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the City are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 11: Pension Plan (Continued)

B. Benefits Provided (Continued)

Employees Covered by Benefit Terms:

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	10
Active employees	<u>6</u>
Total	<u>20</u>

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. The City has adopted a matching percentage of 150%. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Trenton were required to contribute 5% of their annual gross earnings during the fiscal year. The full contribution rates for the City of Trenton were 3.76% and 4.40% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$11,016 and were equal to the required contributions.

The funded status as of December 31, 2020, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2020	\$ 440,223	\$ 402,787	109.3%	\$ (37,436)	\$ 256,760	(14.6)%

Note 12: Federal Grants

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Accordingly, the City's compliance with applicable grant requirements has not yet been established. The amount, if any, of reimbursements which may be required by the granting agencies cannot be determined at this time.

Note 13: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City purchases insurance coverage through the Texas Municipal League Intergovernmental Risk Pool to limit the risk of loss in these areas. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

CITY OF TRENTON, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2021

Note 14: Commitments and Contingencies

At September 30, 2021, the City had outstanding contract commitments totaling \$14,970 related to the construction of a new fire station.

At September 30, 2021, the City had outstanding contract commitments totaling \$82,119 related to improvements of the wastewater treatment plant.

*Asset Retirement Obligation:*

The City has incurred certain asset retirement obligations related to the disposal of their wastewater treatment plants, per state regulations. The City is on the modified cash basis and therefore has not recorded a liability for the legally required closure costs of these facilities. Further, the estimated liability of the legally required closure costs for the wastewater treatment plant cannot be reasonably estimated as of September 30, 2021, since the specific legally required costs of retirement have not yet been identified. As of September 30, 2021, the City has not begun any retirement procedures related to the disposal of these assets.

CITY OF TRENTON, TEXAS  
 Budgetary Comparison Schedule - Modified Cash Basis - General Fund  
 For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Property Tax	\$ 263,000	\$ 263,000	\$ 256,413	\$ (6,587)
Sales Tax	140,000	140,000	157,364	17,364
Franchise Tax	30,000	30,000	27,248	(2,752)
Fines	25,000	25,000	34,624	9,624
Charges for School Resource Officer	49,000	49,000	16,008	(32,992)
Sanitation Fees and Charges	102,000	102,000	115,457	13,457
Intergovernmental	-	-	115,067	115,067
Interest	1,000	1,000	1,999	999
Payment in Lieu of Taxes-(Housing Authority)	2,300	2,300	3,182	882
Miscellaneous	6,000	6,000	7,257	1,257
Total Revenues	<u>618,300</u>	<u>618,300</u>	<u>734,619</u>	<u>116,319</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>General Government:</b>				
Contractual Services	10,000	10,000	9,411	589
Insurance - Property, Liability, and Workers' Compensation	19,000	19,000	12,430	6,570
Office	10,000	10,000	14,739	(4,739)
Professional Fees	40,000	40,000	50,645	(10,645)
Appraisal District	16,000	16,000	21,558	(5,558)
Utilities	30,000	30,000	29,200	800
Park Improvements and Maintenance	3,000	3,000	4,654	(1,654)
Other	1,700	1,700	2,932	(1,232)
<b>Public Safety:</b>				
Health Insurance	19,000	19,000	15,334	3,666
Payroll- Police	168,000	192,000	161,429	30,571
Payroll - Office	42,000	42,000	46,582	(4,582)
Payroll Taxes	17,000	17,000	17,932	(932)
Retirement	7,000	7,000	7,300	(300)
Municipal Court	13,000	13,000	10,128	2,872
Police Department	36,000	36,000	84,530	(48,530)
Fire Department	10,000	10,000	14,250	(4,250)
Sanitation Contract	102,000	102,000	110,584	(8,584)
Street Maintenance and Equipment	4,000	4,000	6,104	(2,104)
Capital Outlay	-	-	358,232	(358,232)
<b>Debt Service:</b>				
Principal	36,200	36,200	50,273	(14,073)
Interest and Fees	-	-	7,318	(7,318)
Total Expenditures	<u>583,900</u>	<u>607,900</u>	<u>1,035,565</u>	<u>(427,665)</u>

CITY OF TRENTON, TEXAS  
 Budgetary Comparison Schedule - Modified Cash Basis - General Fund  
 For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Excess (Deficiency) of Revenues over Expenditures	34,400	10,400	(300,946)	(311,346)
Other Financing Sources (Uses)				
Proceeds from Issuance of Long-Term Debt	-	-	295,000	295,000
Proceeds from Capital Lease	-	-	62,758	62,758
Proceeds from Sale of Capital Assets	-	-	25,492	25,492
Insurance Recoveries	-	-	1,032	1,032
Transfers In (Out)	-	-	-	-
Total Other Sources (Uses)	-	-	384,282	384,282
Net Change in Fund Balance	34,400	10,400	83,336	72,936
Fund Balance - Beginning	736,934	736,934	736,934	-
Fund Balance - Ending	<u>\$ 771,334</u>	<u>\$ 747,334</u>	<u>\$ 820,270</u>	<u>\$ 72,936</u>

CITY OF TRENTON, TEXAS

COMMUNICATION WITH THOSE  
CHARGED WITH GOVERNANCE

SEPTEMBER 30, 2021

# McClanahan and Holmes, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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## Communication with Those Charged with Governance

Honorable Mayor and Members  
of the City Council  
City of Trenton, Texas

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Trenton, Texas (the City) for the year ended September 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 2, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the City's financial statements was:

Management's estimate of depreciation expense. Depreciation expense is calculated on a straight-line basis, over the estimated useful lives of the City's assets. We evaluated the key factors and assumptions used to develop the depreciation method used and the estimates of useful lives of the assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

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

Honorable Mayor and Members  
of the City Council  
City of Trenton, Texas  
Page 2

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached misstatements detected as a result of audit procedures were corrected by management.

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 30, 2021.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

Other Matters

We were not engaged to report on the budgetary comparison information, which accompanies the financial statements but is not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Trenton, Texas, as of and for the year ended September 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Trenton, Texas' internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Honorable Mayor and Members  
of the City Council  
City of Trenton, Texas  
Page 3

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

#### Financial Accounting and Reporting

As is common in small entities, the City does not prepare the financial statements and control the period-end financial reporting process, including controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles; controls over procedures used to analyze transactions comprising general ledger activity; controls over initiating, authorizing, recording, and processing journal entries into the general ledger; and controls over recording recurring and nonrecurring adjustments to the financial statements.

#### Segregation of Duties

A critical element in any internal control structure is the characteristic known as segregation of duties. Assigning different personnel the responsibility of authorizing transactions, recording transactions, and maintaining custody of assets achieve this internal control structure attribute. Due to the City's small number of personnel, there is limited segregation of duties in substantially all areas of the accounting system. To the extent possible, every effort should be made to utilize a "best practices" approach when considering controls over cash transactions and preparation of accounting records. We encourage the Council to closely monitor its financial activities which may help offset the weaknesses associated with limited segregation of duties.

#### Payroll Reporting:

We noted that an employee received pay related to compensatory time that was not treated as payroll, and no payroll taxes were withheld or paid. We recommend collecting and remitting the employee's portion of payroll tax, remitting the City's employer portion, and revising all applicable payroll tax forms.

#### Overpayments:

The City offers water and sewer taps at a price of \$2,000 per tap. During the year, a customer requested both a water and sewer tap for their property. Upon evaluation, it was determined that the property had an existing water tap. The City issued a payment to the customer in the amount of \$2,000 as a refund for the water tap. However, it was discovered that the initial payment for both taps was never received from the customer, resulting in an overpayment to the customer in the amount of \$2,000. We recommend that the City request the full amount owed from the customer, totaling \$4,000.

Additionally, in the prior year, it was determined that the City overpaid a vendor for services. During the current year, these funds still were not collected by the City. We recommend that additional attempts be made to collect these funds.

Honorable Mayor and Members  
of the City Council  
City of Trenton, Texas  
Page 4

Restriction on Use

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

*McClanahan and Holmes, LLP*  
Certified Public Accountants

Bonham, Texas  
November 30, 2021

CITY OF TRENTON, TEXAS  
Misstatements Corrected by Management  
September 30, 2021

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
40-1020	Funds Held In Trust	\$ 15,000.00	\$ -
40-1430	Fixed Assets Improvements	33,967.00	-
40-1445	Accumulated Depreciation Buildings	2,603.00	-
40-3010	Retained Earnings	81,917.71	-
40-1350	Due From Other Governments	-	1,764.96
40-1405	Land	-	7,500.00
40-1410	Buildings	-	104,108.25
40-1420	CIP	-	14,943.50
40-1440	Accumulated Depreciation Improvements	-	5,171.00
<b>Total</b>		<u>\$ 133,487.71</u>	<u>\$ 133,487.71</u>
<b>Adjusting Journal Entries JE # 2</b>			
10-3010	Retained Earnings	\$ 863.96	\$ -
66000	Payroll Expenses	56.54	-
10-5010	Office Expense:10-5010 Publications	-	216.72
10-5200	Police - Vehicle Exp & Supplies	-	106.75
10-5206	Police - Vehicle Exp & Supplies:10-5206 Cleaning Supplies	-	20.00
10-5320	Payroll Taxes - TWC	-	470.78
10-5912	Equipment:10-5912 Building	-	106.25
<b>Total</b>		<u>\$ 920.50</u>	<u>\$ 920.50</u>
<b>Adjusting Journal Entries JE # 3</b>			
10-5208	Police - Vehicle Exp & Supplies:10-5208 Investigations	\$ 3,495.78	\$ -
10-5213	Police - Vehicle Exp & Supplies:10-5213 Training	880.65	-
10-5250	Police - Technology Fee Expense	1,632.00	-
10-4250	Municipal Court	-	6,008.43
<b>Total</b>		<u>\$ 6,008.43</u>	<u>\$ 6,008.43</u>
<b>Adjusting Journal Entries JE # 4</b>			
10-4020	Sales Tax	\$ 7,842.48	\$ -
40-1350	Due From Other Governments	7,842.48	-
10-2200	Due To Other Governments	-	7,842.48
40-4010	Sales Tax:40-4010 + 4A	-	3,921.24
40-4020	Sales Tax:40-4020 + 4B	-	3,921.24
<b>Total</b>		<u>\$ 15,684.96</u>	<u>\$ 15,684.96</u>
<b>Adjusting Journal Entries JE # 5</b>			
20-4000	Water & Sewer Service	\$ 115,456.92	\$ -
20-5350	Contract Labor	527.74	-
20-5500	Garbage Collection Fee	-	115,984.66
<b>Total</b>		<u>\$ 115,984.66</u>	<u>\$ 115,984.66</u>
<b>Adjusting Journal Entries JE # 6</b>			
10-5500	Garbage Contract	\$ 9,702.77	\$ -
10-4100	Garbage Collection	-	9,702.77
<b>Total</b>		<u>\$ 9,702.77</u>	<u>\$ 9,702.77</u>
<b>Adjusting Journal Entries JE # 7</b>			
20-3010	Retained Earnings	\$ 555.06	\$ -
20-5403	Fuel:20-5403 F250	-	10.00
20-5414	Vehicle Expense:20-5414 F250	-	198.00
20-5420	Vehicle Expense:20-5420 Dodge Utility	-	200.00
20-5458	Maintenance - Water & Sewer:20-5458 Tools And Parts	-	147.06
<b>Total</b>		<u>\$ 555.06</u>	<u>\$ 555.06</u>

CITY OF TRENTON, TEXAS  
Misstatements Corrected by Management (Continued)  
September 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 8			
10-2200	Due To Other Governments	\$ 6,717.58	\$ -
40-4010	Sales Tax:40-4010 + 4A	3,358.79	-
40-4020	Sales Tax:40-4020 + 4B	3,358.79	-
10-4020	Sales Tax	-	6,717.58
40-1350	Due From Other Governments	-	6,717.58
Total		<u>\$ 13,435.16</u>	<u>\$ 13,435.16</u>
Adjusting Journal Entries JE # 9			
20-2300	Meter Deposits	\$ 570.00	\$ -
20-4101	Meter Deposit Income:20-4101 Revenue	1,170.00	-
20-5210	Meter Deposit Refund/Applied	120.00	-
20-4000	Water & Sewer Service	-	1,860.00
Total		<u>\$ 1,860.00</u>	<u>\$ 1,860.00</u>
Adjusting Journal Entries JE # 10			
30-5100	Interest Paid	\$ 19.98	\$ -
30-4100	Interest Income	-	19.98
Total		<u>\$ 19.98</u>	<u>\$ 19.98</u>
Adjusting Journal Entries JE # 11			
10-5408	Fuel:10-5408 Car 1547 Intrcep 2017	\$ 400.00	\$ -
10-5410	Car 4017-Dodge Charger	-	400.00
Total		<u>\$ 400.00</u>	<u>\$ 400.00</u>
Adjusting Journal Entries JE # 12			
10-2100	Payroll Liabilities	\$ 962.47	\$ -
66000	Payroll Expenses	-	962.47
Total		<u>\$ 962.47</u>	<u>\$ 962.47</u>
Adjusting Journal Entries JE # 13			
20-2100	Payroll Liabilities	\$ 1,200.00	\$ -
20-2100	Payroll Liabilities	1,584.17	-
20-5301	Payroll Expenses:Child Support	-	1,200.00
20-5390	Payroll Expenses	-	1,584.17
Total		<u>\$ 2,784.17</u>	<u>\$ 2,784.17</u>
Adjusting Journal Entries JE # 14			
20-2010	Accounts Payable Clearing - Audit	\$ 502.54	\$ -
20-2000	Accounts Payable	-	502.54
Total		<u>\$ 502.54</u>	<u>\$ 502.54</u>
Adjusting Journal Entries JE # 15			
40-3100	Sale of Property	\$ 15,000.00	\$ -
40-1020	Funds Held in Trust	-	15,000.00
Total		<u>\$ 15,000.00</u>	<u>\$ 15,000.00</u>
Adjusting Journal Entries JE # 16			
10-1601	Overpayment	\$ 1,327.88	\$ -
10-5078	Miscellaneous Expense	454.58	-
10-5208	Police - Vehicle Exp & Supplies:10-5208 Investigations	330.00	-
10-5404	Fuel:10-5404 Car 107	184.82	-
10-2000	Accounts Payable	-	2,297.28
Total		<u>\$ 2,297.28</u>	<u>\$ 2,297.28</u>

CITY OF TRENTON, TEXAS  
Misstatements Corrected by Management (Continued)  
September 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 17			
10-5302	Payroll - Police	\$ 4,072.53	\$ -
10-5300	Payroll-Office Salaries	-	3,983.40
66000	Payroll Expenses	-	89.13
Total		<u>\$ 4,072.53</u>	<u>\$ 4,072.53</u>
Adjusting Journal Entries JE # 18			
10-5218	Police - Vehicle Expense & Supplies:10-5218 TDEM Cares Act	\$ 30,448.00	\$ -
10-4700	Grant Revenue	-	30,448.00
Total		<u>\$ 30,448.00</u>	<u>\$ 30,448.00</u>
Adjusting Journal Entries JE # 19			
20-5330	Payroll Taxes	\$ 1,327.30	\$ -
20-2100	Payroll Liabilities	-	1,327.30
Total		<u>\$ 1,327.30</u>	<u>\$ 1,327.30</u>
Adjusting Journal Entries JE # 20			
10-5407	Fuel:10-5407 Car 4017-Dodge Charger	\$ 21,492.38	\$ -
10-5497	Fire Department:10-5497 Station	295,000.00	-
10-5450	Proceeds From Loan	-	295,000.00
10-5950	Proceeds From Sale of General Capital Assets	-	21,492.38
Total		<u>\$ 316,492.38</u>	<u>\$ 316,492.38</u>
Adjusting Journal Entries JE # 21			
10-6200	Capitol Outlay Expense	\$ 295,474.00	\$ -
10-5049	Engineer	-	9,798.75
10-5497	Fire Department:10-5497 Station	-	285,675.25
Total		<u>\$ 295,474.00</u>	<u>\$ 295,474.00</u>
Adjusting Journal Entries JE # 22			
10-5497	Fire Department:10-5497 Station	\$ 5,000.00	\$ -
20-2210	Due To General Fund	5,000.00	-
10-1350	Due From Water Sewer Fund	-	5,000.00
20-5703	USDA Grant:20-5703 Fire Station	-	5,000.00
Total		<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>
Adjusting Journal Entries JE # 23			
40-5190	Depreciation Expense	\$ 5,111.00	\$ -
40-1440	Accumulated Depreciation Improvements	-	5,111.00
Total		<u>\$ 5,111.00</u>	<u>\$ 5,111.00</u>
Adjusting Journal Entries JE # 24			
20-5850	Depreciation Expense	\$ 159,172.00	\$ -
20-1450	Accumulated Depreciation	-	159,172.00
Total		<u>\$ 159,172.00</u>	<u>\$ 159,172.00</u>
Adjusting Journal Entries JE # 25			
40-5200	Capital Contributions	\$ 27,372.00	\$ -
40-5001	Economic 4A Expenses:40-5001 Construction	-	27,372.00
Total		<u>\$ 27,372.00</u>	<u>\$ 27,372.00</u>

CITY OF TRENTON, TEXAS  
Misstatements Corrected by Management (Continued)  
September 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 26			
20-1400	Utility Plant	\$ 24,935.00	\$ -
20-5455	Maintenance - Water & Sewer:20-5455 Repair	-	24,935.00
Total		<u>\$ 24,935.00</u>	<u>\$ 24,935.00</u>
Adjusting Journal Entries JE # 27			
10-4800	Miscellaneous Income	\$ 4,000.00	\$ -
10-5950	Proceeds from Sale of General Capital Assets	-	4,000.00
Total		<u>\$ 4,000.00</u>	<u>\$ 4,000.00</u>
Adjusting Journal Entries JE # 28			
10-5290	Police - Capital Outlay	\$ 62,758.41	\$ -
10-5420	American Leasing	-	62,758.41
Total		<u>\$ 62,758.41</u>	<u>\$ 62,758.41</u>
Adjusting Journal Entries JE # 29			
10-5418	2018 Ford Interceptor Principle (Am Ntl Leasing)	\$ 6,913.14	\$ -
10-5418	2018 Ford Interceptor Principle (Am Ntl Leasing)	11,777.92	-
10-5418	2018 Ford Interceptor Principle (Am Ntl Leasing)	18,648.55	-
10-5419	2018 Ford Interceptor Interest (Am Natl Leasing)	781.36	-
10-5419	2018 Ford Interceptor Interest (Am Natl Leasing)	1,467.08	-
10-5419	2018 Ford Interceptor Interest (Am Natl Leasing)	2,843.83	-
10-5423	First State Bank Principle Payment	12,933.53	-
10-5424	First State Bank Interest	2,225.99	-
20-2530	Time Warrant 2011	17,000.00	-
20-2540	Time Warrant 2013	53,757.69	-
20-2550	Ally Financial Note Payable	2,900.89	-
20-2555	Capitol Lease Payable	13,888.98	-
20-5802	Interest Expense 2013 Time Warrant	61,888.79	-
30-5070	Time Warrant 2013 Ln.839316	25,297.73	-
30-5080	Fire Station Principal	5,000.00	-
30-6100	Transfers	61,888.79	-
10-5291	First State Bank	-	15,159.52
10-5407	Fuel:10-5407 Car 4017-Dodge Charger	-	21,492.38
10-5410	Car 4017-Dodge Charger	-	7,694.50
10-5414	Car 4017-Dodge Charger:10-5415 Car 6929 Intercep 2015:10-5414	-	13,245.00
20-4610	USDA Loan 92.04	-	16,117.50
20-5802	Interest Expense 2013 Time Warrant	-	53,757.69
20-5806	Interest Expense:20-5806 USDA 92.04	-	882.50
20-5811	Dodge Utility	-	2,900.89
20-5812	Backhoe Leasing	-	13,888.98
20-6100	Transfers	-	61,888.79
30-5170	Interest Paid:30-5170 -+ Loan 839316	-	25,297.73
30-5170	Interest Paid:30-5170 -+ Loan 839316	-	61,888.79
30-5171	Interest Pain:30-5171 Fire Station	-	5,000.00
Total		<u>\$ 299,214.27</u>	<u>\$ 299,214.27</u>

CITY OF TRENTON, TEXAS  
Misstatements Corrected by Management (Continued)  
September 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 30			
20-2531	CPLTD Contra Time Warrant 2011	\$ 16,000.00	\$ -
20-2541	CPLTD Contra Time Warrant 2013	55,783.41	-
20-2557	Current Portion Capital Lease Contra	14,522.00	-
20-2532	CPLTD Contra Time Warrant 2011	-	16,000.00
20-2542	CPLTD Contra Time Warrant 2013	-	55,783.41
20-2556	Current Portion Capital Lease	-	14,522.00
Total		<u>\$ 86,305.41</u>	<u>\$ 86,305.41</u>
Adjusting Journal Entries JE # 31			
20-1420	Construction in Progress	\$ 27,372.00	\$ -
20-5200	Capital Contributions	-	27,372.00
Total		<u>\$ 27,372.00</u>	<u>\$ 27,372.00</u>
Adjusting Journal Entries JE # 32			
20-1601	Overpayments	\$ 2,000.00	\$ -
20-4100	Meter Deposit Income	-	2,000.00
Total		<u>\$ 2,000.00</u>	<u>\$ 2,000.00</u>
Adjusting Journal Entries JE # 33			
20-4100	Meter Deposit Income	\$ 2,837.69	\$ -
20-4000	Water & Sewer Service	-	1,657.25
20-5211	Meter Deposit Refund/Applied:20-5211 Applied Deposit	-	1,180.44
Total		<u>\$ 2,837.69</u>	<u>\$ 2,837.69</u>
Adjusting Journal Entries JE # 34			
10-5302	Payroll - Police	\$ 883.87	\$ -
66000	Payroll Expenses	-	883.87
Total		<u>\$ 883.87</u>	<u>\$ 883.87</u>
Adjusting Journal Entries JE # 35			
10-4100	Garbage Collection	\$ 23,146.78	\$ -
20-2210	Due To General Fund	23,146.78	-
10-1350	Due From Water Sewer Fund	-	23,146.78
20-5500	Garbage Collection Fee	-	23,146.78
Total		<u>\$ 46,293.56</u>	<u>\$ 46,293.56</u>
Adjusting Journal Entries JE # 36			
20-1450	Accumulated Depreciation	\$ 1,595.00	\$ -
20-1410	Equipment & Vehicles	-	1,595.00
Total		<u>\$ 1,595.00</u>	<u>\$ 1,595.00</u>
Adjusting Journal Entries JE # 37			
40-1440	Accumulated Depreciation Improvements	\$ 360.00	\$ -
40-5855	(Gain) Loss On Sale Of Assets	840.00	-
40-1430	Fixed Assets Improvements	-	1,200.00
Total		<u>\$ 1,200.00</u>	<u>\$ 1,200.00</u>