

CITY OF TRENTON, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2018

CITY OF TRENTON, TEXAS
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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, 2018, 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.

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. 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, 2018, 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 that collectively comprise the City of Trenton, Texas' basic financial statements. The budgetary comparison information, 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 20, 2018

CITY OF TRENTON, TEXAS
Statement of Net Position - Modified Cash Basis
September 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Trenton Community Development Corporation
ASSETS				
Cash and Cash Equivalents	\$ 561,001	\$ 208,553	\$ 769,554	\$ 118,046
Investments	12,521	-	12,521	-
Intergovernmental Receivables	-	-	-	20,186
Prepaid Expenses	1,000	-	1,000	-
Internal Balances	90,503	(90,503)	-	-
Restricted Assets:				
Cash	-	12,124	12,124	-
Investments	-	45,554	45,554	-
Capital Assets Not Being Depreciated:				
Land	53,126	-	53,126	-
Capital Assets, Net of Accumulated Depreciation:				
Improvements	616,452	-	616,452	61,115
Buildings	69,572	-	69,572	-
Furniture, Equipment, and Vehicles	113,297	28,731	142,028	-
Utility Plant in Service	-	3,219,470	3,219,470	-
Total Assets	1,517,472	3,423,929	4,941,401	199,347
LIABILITIES				
Payroll Liabilities	2,362	1,456	3,818	-
Intergovernmental Payable	20,186	-	20,186	-
Customers' Meter Deposits	-	28,624	28,624	-
Noncurrent Liabilities:				
Due Within One Year	58,669	68,913	127,582	-
Due in More than One Year	178,802	1,258,093	1,436,895	-
Total Liabilities	260,019	1,357,086	1,617,105	-
NET POSITION				
Net Investment in Capital Assets	614,976	1,921,195	2,536,171	61,115
Restricted for:				
Debt Service	46,438	-	46,438	-
Unrestricted	596,039	145,648	741,687	138,232
Total Net Position	\$ 1,257,453	\$ 2,066,843	\$ 3,324,296	\$ 199,347

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, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Trenton Community Development Corporation
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 151,321	\$ -	\$ 1,150	\$ -	\$ (150,171)	\$ -	\$ (150,171)	\$ -
Public Safety	269,478	34,878	-	-	(234,600)	-	(234,600)	-
Sanitation Contract	85,904	90,050	-	-	4,146	-	4,146	-
Street Maintenance	33,316	-	-	-	(33,316)	-	(33,316)	-
Interest	7,506	-	-	-	(7,506)	-	(7,506)	-
Total Governmental Activities	547,525	124,928	1,150	-	(421,447)	-	(421,447)	-
Business-Type Activities:								
Water and Sewer	515,768	357,358	-	-	-	(158,410)	(158,410)	-
Total Primary Government	1,063,293	482,286	1,150	-	(421,447)	(158,410)	(579,857)	-
Component Unit								(25,633)
Trenton Community Development Corporation	25,633	-	-	-	-	-	-	(25,633)
General Revenues								
Taxes:								
Property Tax					303,926	-	303,926	-
Sales Tax					142,879	-	142,879	78,242
Franchise Tax					28,984	-	28,984	-
Miscellaneous Revenue					13,136	13,410	26,546	-
Interest on Investments					1,604	394	1,998	142
Gain (Loss) on Sale of Assets					-	2,508	2,508	-
Transfers					(61,889)	61,889	-	-
Total General Revenues and Transfers					428,640	78,201	506,841	78,384
Change in Net Position					7,193	(80,209)	(73,016)	52,751
Net Position - Beginning					1,250,260	2,147,052	3,397,312	146,596
Net Position - Ending					\$ 1,257,453	\$ 2,066,843	\$ 3,324,296	\$ 199,347

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, 2018

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 514,563	\$ 46,438	\$ 561,001
Investments	12,521	-	12,521
Prepaid Expenses	1,000	-	1,000
Due From Other Funds	90,503	-	90,503
Total Assets	\$ 618,587	\$ 46,438	\$ 665,025
LIABILITIES			
Payroll Liabilities	\$ 2,362	\$ -	\$ 2,362
Intergovernmental Payable	20,186	-	20,186
Total Liabilities	22,548	-	22,548
FUND BALANCES			
Restricted Fund Balance:			
Debt Service	-	46,438	46,438
Committed Fund Balance:			
SNAP	2,657	-	2,657
Municipal Court Technology Fund	2,829	-	2,829
Municipal Court Security Fund	3,113	-	3,113
Unassigned Fund Balance:	587,440	-	587,440
Total Fund Balances	596,039	46,438	642,477
Total Liabilities and Fund Balances	\$ 618,587	\$ 46,438	\$ 665,025
Fund Balances - Total Governmental Funds (above)			\$ 642,477
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 \$1,835,515 and the accumulated depreciation is \$983,068.			
			852,447
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			(157,594)
Notes Payable			(31,788)
Capital Lease Obligation			(48,089)
Net Position of Governmental Activities			\$ 1,257,453

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, 2018

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Property Tax	\$ 211,278	\$ 92,648	\$ 303,926
Sales Tax	142,879	-	142,879
Franchise Tax	28,984	-	28,984
Fines	34,878	-	34,878
Sanitation Fees and Charges	90,050	-	90,050
Interest	1,516	88	1,604
Payment in Lieu of Taxes-(Housing Authority)	2,496	-	2,496
Contributions	1,150	-	1,150
Miscellaneous	10,641	-	10,641
Total Revenues	523,872	92,736	616,608
EXPENDITURES			
General Government:			
Contractual Services	7,946	-	7,946
Insurance - Property, Liability, and Workers' Compensation	11,607	-	11,607
Office	12,851	-	12,851
Professional Fees	30,404	-	30,404
Appraisal District	18,347	-	18,347
Utilities	35,021	-	35,021
Park Improvements and Maintenance	1,560	-	1,560
Other	1,438	-	1,438
Public Safety:			
Health Insurance	11,147	-	11,147
Payroll - Police	111,308	-	111,308
Payroll - Office	37,818	-	37,818
Payroll Taxes	13,631	-	13,631
Retirement	4,364	-	4,364
Municipal Court	11,080	-	11,080
Police Department	35,799	-	35,799
Fire Department	10,221	-	10,221
Sanitation Contract	85,904	-	85,904
Street Maintenance and Equipment	5,662	-	5,662
Capital Outlay	48,089	-	48,089
Debt Service			
Principal	21,873	22,610	44,483
Interest and Fees	992	6,514	7,506
Total Expenditures	517,062	29,124	546,186

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, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,810</u>	<u>63,612</u>	<u>70,422</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Capital Lease	48,089	-	48,089
Transfers In (Out)	-	<u>(61,889)</u>	<u>(61,889)</u>
Total Other Financing Sources (Uses)	<u>48,089</u>	<u>(61,889)</u>	<u>(13,800)</u>
Net Change in Fund Balances	54,899	1,723	56,622
Fund Balances - Beginning	<u>541,140</u>	<u>44,715</u>	<u>585,855</u>
Fund Balances - Ending	<u>\$ 596,039</u>	<u>\$ 46,438</u>	<u>\$ 642,477</u>
Net Change in Fund Balances - Total Governmental Funds (above)			\$ 56,622
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 depreciation (\$93,912) exceeded capital outlay (\$48,089) in the current year.			(45,823)
Proceeds from the issuance of debt is income in the Governmental Fund, but increases liabilities in the Statements of Net Position.			(48,089)
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>44,483</u>
Change in Net Position - Governmental Activities			<u>\$ 7,193</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, 2018

	Business-Type Activities
	Water and Sewer Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 208,553
Restricted Assets	
Restricted Cash	12,124
Restricted Investments	45,554
Total Current Assets	266,231
Noncurrent Assets	
Capital Assets:	
Furniture, Equipment, and Vehicles	117,947
Utility Plant in Service	5,643,272
Less Accumulated Depreciation	(2,513,018)
Total Noncurrent Assets	3,248,201
Total Assets	3,514,432
LIABILITIES	
Current Liabilities	
Payroll Liabilities	1,456
Note Payable - Current	4,056
Time Warrants Payable - Current	49,857
Certificates of Obligation - Current	15,000
Customers' Meter Deposits	28,624
Due to Other Funds	90,503
Total Current Liabilities	189,496
Noncurrent Liabilities	
Note Payable	7,187
Time Warrants Payable	296,906
Certificates of Obligation	954,000
Total Noncurrent Liabilities	1,258,093
Total Liabilities	1,447,589
NET POSITION	
Net Investment in Capital Assets	1,921,195
Unrestricted	145,648
Total Net Position	\$ 2,066,843

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, 2018

	Business-Type Activities
	Water and Sewer Fund
OPERATING REVENUES	
Customer Charges	\$ 357,358
Total Operating Revenues	357,358
OPERATING EXPENSES	
Payroll	86,898
Payroll Taxes	7,605
Retirement	2,826
GTUA Services	27,537
Insurance - Health	16,861
Insurance - Property, Liability, and Workers' Compensation	13,205
Utilities	42,708
Water and Sewer System Maintenance	99,398
Vehicle Expenses	12,463
Miscellaneous	4,377
Depreciation	153,148
Total Operating Expenses	467,026
Operating Income (Loss)	(109,668)
NONOPERATING REVENUES (EXPENSES)	
Insurance Recoveries	13,410
Interest Income	394
Gain (Loss) on Sale of Assets	2,508
Interest Expense	(48,742)
Total Nonoperating Revenues (Expenses)	(32,430)
Income (Loss) Before Capital Contributions and Transfers	(142,098)
Transfers In	61,889
Change in Net Position	(80,209)
Net Position - Beginning	2,147,052
Net Position - Ending	\$ 2,066,843

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, 2018

	Business-Type Activities
	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 359,324
Payments to Suppliers and Service Providers	(215,830)
Payments to Employees for Salaries and Benefits	(98,048)
Net Cash Provided By (Used For) Operating Activities	45,446
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer (to) from Other Funds	68,323
Net Cash Provided By (Used For) Noncapital Financing Activities	68,323
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(6,500)
Principal Payments on Note Payable	(3,837)
Principal Payments on Time Warrants	(48,046)
Principal Payments on Certificates of Obligation	(14,000)
Interest Payments on Debt	(48,742)
Proceeds from the Sale of Assets	3,999
Insurance Recoveries	13,410
Net Cash Provided By (Used For) Capital and Related Financing Activities	(103,716)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Interest Earnings	394
Net Cash Provided By (Used For) Investing Activities	394
Net Increase (Decrease) in Cash and Cash Equivalents	10,447
Cash and Cash Equivalents, Beginning	210,230
Cash and Cash Equivalents, Ending	\$ 220,677
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For)	
Operating Activities:	
Operating Income (Loss)	\$ (109,668)
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided By (Used For) Operating Activities:	
Depreciation	153,148
Increase (Decrease) in Payroll Liabilities	(719)
Increase (Decrease) in Customers' Deposits	2,685
Total Adjustments	155,114
Net Cash Provided By (Used For) Operating Activities	\$ 45,446

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

CITY OF TRENTON, TEXAS
Notes to Financial Statements
September 30, 2018

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.

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Equity (Continued)

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.

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.

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Equity (Continued)

Net Position/Fund Balance (Continued)

As of September 30, 2018, 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.

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.

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2018, 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	\$ 6,851
Appraisal District	9,347
Utilities	21
Payroll Taxes	2,631
Retirement	364
Municipal Court	4,080
Capital Outlay	48,089
Debt Service	7,965

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.

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 3: Bank Deposits and Investments (Continued)

Primary Government (Continued)

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, 2018, the City was not exposed to custodial credit risk since deposits were insured or collateralized with a surety bond held in the name of the City.

At September 30, 2018, the carrying amount of deposits was \$839,753 and the bank balance was \$844,941.

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, 2018, the carrying amount of the Trenton Community Development Corporation's deposits was \$118,046 and the bank balance was \$118,046.

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, 2018, follows:

	Cash	Certificates of Deposit	Total
Interest and Sinking Fund	\$ -	\$ 29,054	\$ 29,054
Customer's Meter Deposits	12,124	16,500	28,624
	\$ 12,124	\$ 45,554	\$ 57,678

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 2018 levy amounted to .5797 for maintenance and operation and .2333 for interest and sinking.

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 6: Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

	<u>Balance</u> <u>9/30/17</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/18</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 53,126	\$ -	\$ -	\$ 53,126
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,126</u>	<u>-</u>	<u>-</u>	<u>53,126</u>
Capital Assets being Depreciated:				
Improvements	1,180,326	-	-	1,180,326
Buildings	134,234	-	-	134,234
Furniture, Equipment, and Vehicles	<u>419,740</u>	<u>48,089</u>	<u>-</u>	<u>467,829</u>
	<u>1,734,300</u>	<u>48,089</u>	<u>-</u>	<u>1,782,389</u>
Less Accumulated Depreciation for:				
Improvements	508,062	55,812	-	563,874
Buildings	61,587	3,075	-	64,662
Furniture, Equipment, and Vehicles	<u>319,507</u>	<u>35,025</u>	<u>-</u>	<u>354,532</u>
Total Accumulated Depreciation	<u>889,156</u>	<u>93,912</u>	<u>-</u>	<u>983,068</u>
Capital Assets being Depreciated, Net	<u>845,144</u>	<u>(45,823)</u>	<u>-</u>	<u>799,321</u>
Governmental Activities Capital Assets, Net	<u>\$ 898,270</u>	<u>\$ (45,823)</u>	<u>\$ -</u>	<u>\$ 852,447</u>

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 6: Capital Assets (Continued)

	<u>Balance</u> <u>9/30/17</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/18</u>
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Capital Assets being Depreciated:				
Furniture, Equipment, and Vehicles	126,296	6,500	(14,849)	117,947
Utility Plant in Service	<u>5,643,272</u>	<u>-</u>	<u>-</u>	<u>5,643,272</u>
	<u>5,769,568</u>	<u>6,500</u>	<u>(14,849)</u>	<u>5,761,219</u>
Less Accumulated Depreciation for:				
Furniture, Equipment, and Vehicles	95,048	7,526	(13,358)	89,216
Utility Plant in Service	<u>2,278,180</u>	<u>145,622</u>	<u>-</u>	<u>2,423,802</u>
	<u>2,373,228</u>	<u>153,148</u>	<u>(13,358)</u>	<u>2,513,018</u>
Capital Assets being Depreciated, Net	<u>3,396,340</u>	<u>(146,648)</u>	<u>(1,491)</u>	<u>3,248,201</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,396,340</u>	<u>\$ (146,648)</u>	<u>\$ (1,491)</u>	<u>\$ 3,248,201</u>
	<u>Balance</u> <u>9/30/17</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/18</u>
Component Unit:				
Capital Assets being Depreciated:				
Improvements	\$ 81,051	\$ -	\$ -	\$ 81,051
Less Accumulated Depreciation for:				
Improvements	<u>16,463</u>	<u>3,473</u>	<u>-</u>	<u>19,936</u>
Component Unit Capital Assets, Net	<u>\$ 64,588</u>	<u>\$ (3,473)</u>	<u>\$ -</u>	<u>\$ 61,115</u>

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 6: Capital Assets (Continued)

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

Governmental Activities:	
General Government	\$ 32,149
Public Safety	34,109
Street Maintenance	<u>27,654</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 93,912</u>
Business-Type Activities:	
Water and Sewer	<u>\$ 153,148</u>
Component Unit Depreciation Expense	<u>\$ 3,473</u>

There was no interest cost related to business-type activities capitalized during the year ended September 30, 2018.

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:

<u>Governmental Activities</u>	Balance
	<u>9/30/18</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>\$ 157,594</u>
Total Time Warrants	<u>\$ 157,594</u>
Notes Payable:	
\$23,172 Note Payable to North Dallas Bank and Trust, due in monthly installments of \$438 through December 2019, with interest at 4.974%	\$ 6,353
\$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%.	16,032
\$18,453 Note Payable to First National Bank of Trenton, due in monthly installments of \$800 through September 2019, with interest at 3.75%.	<u>9,403</u>
Total Notes Payable	<u>\$ 31,788</u>

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 7: Long-Term Debt (Continued)

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 \$13,000 to \$48,000 through 2052. \$ 969,000

Total Certificates of Obligation \$ 969,000

Time Warrants:

\$595,589 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 certificates of obligation. \$ 346,763

Total Time Warrants \$ 346,763

Note Payable:

\$16,348 Note Payable to Ally Financial, due in monthly installments of \$381 through May 2021, with interest at 5.540%. \$ 11,243

Total Note Payable \$ 11,243

The following is a summary of changes in long-term debt for the year ended September 30, 2018:

<u>Type of Debt</u>	<u>Balance</u> <u>9/30/17</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/18</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Time Warrants	\$ 180,204	\$ -	\$ 22,610	\$ 157,594	\$ 23,462
Notes Payable	53,661	-	21,873	31,788	22,470
Capital Lease	-	<u>48,089</u>	-	<u>48,089</u>	<u>12,737</u>
Total Governmental Activities:	<u>\$ 233,865</u>	<u>\$ 48,089</u>	<u>\$ 44,483</u>	<u>\$ 237,471</u>	<u>\$ 58,669</u>
<u>Business-Type Activities:</u>					
Certificates of Obligation	\$ 983,000	\$ -	\$ 14,000	\$ 969,000	\$ 15,000
Time Warrants	394,809	-	48,046	346,763	49,857
Note Payable	<u>15,080</u>	-	<u>3,837</u>	<u>11,243</u>	<u>4,056</u>
Total Business-Type Activities:	<u>\$1,392,889</u>	<u>\$ -</u>	<u>\$ 65,883</u>	<u>\$1,327,006</u>	<u>\$ 68,913</u>

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 7: Long-Term Debt (Continued)

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

Year Ending September 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 45,932	\$ 6,066	\$ 68,913	\$ 46,448	\$ 167,359
2020	33,675	4,778	72,045	43,807	154,305
2021	25,286	3,838	73,634	41,166	143,924
2022	26,251	2,873	71,783	38,421	139,328
2023	27,253	1,871	74,912	35,729	139,765
2024	28,292	832	78,121	32,936	140,181
2025	2,693	41	37,598	30,652	70,984
2026	-	-	18,000	29,940	47,940
2027	-	-	20,000	29,293	49,293
2028	-	-	21,000	28,624	49,624
2029	-	-	21,000	27,931	48,931
2030	-	-	22,000	27,214	49,214
2031	-	-	23,000	26,472	49,472
2032	-	-	23,000	25,703	48,703
2033	-	-	25,000	24,908	49,908
2034	-	-	27,000	24,085	51,085
2035	-	-	26,000	23,234	49,234
2036	-	-	27,000	22,352	49,352
2037	-	-	28,000	21,440	49,440
2038	-	-	29,000	20,496	49,496
2039	-	-	30,000	19,518	49,518
2040	-	-	31,000	18,507	49,507
2041	-	-	33,000	17,460	50,460
2042	-	-	34,000	16,376	50,376
2043	-	-	35,000	15,255	50,255
2044	-	-	36,000	14,094	50,094
2045	-	-	38,000	12,893	50,893
2046	-	-	39,000	11,649	50,649
2047	-	-	40,000	10,362	50,362
2048	-	-	42,000	9,030	51,030
2049	-	-	43,000	7,652	50,652
2050	-	-	45,000	6,225	51,225
2051	-	-	46,000	4,748	50,748
2052	-	-	48,000	4,855	52,855
	<u>\$ 189,382</u>	<u>\$ 20,299</u>	<u>\$1,327,006</u>	<u>\$ 769,475</u>	<u>\$2,306,162</u>

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 8: Capital Leases

In March 2018, the City began leasing equipment under an agreement classified as a capital lease due to a bargain purchase option. The capital lease and accumulated amortization are as follows:

	<u>9/30/18</u>
Capital Lease Equipment, at Cost	\$ 48,089
Less Accumulated Amortization	<u>(4,809)</u>
Capital Lease Equipment, Net	<u>\$ 43,280</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, 2018 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 13,246
2020	13,246
2021	13,245
2022	<u>13,245</u>
Total Minimum Lease Payments	52,982
Less Amount Representing Interest	<u>(4,893)</u>
Present Value of Net Minimum Lease Payments	48,089
Less Current Maturities of Capital Lease Obligations	<u>(12,737)</u>
	<u>\$ 35,352</u>

Note 9: Interfund Balances and Transfers

Interfund transfers for the year ended September 30, 2018, 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, 2018 consisted of the following:

Due to General Fund From:	
Water Sewer	\$ 90,503
Total Due to General Fund	<u>\$ 90,503</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 \$66,503 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, 362 customers were connected to the water system, and 337 to the sewer system.

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 11: Pension Plan

A. Plan Description

The City of Trenton participates as one of 883 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.tmr.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.

Employees Covered by Benefit Terms.

At the December 31, 2017 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	7
Active employees	<u>5</u>
Total	<u>16</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 5.21% and 3.01% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were \$7,190 and were equal to the required contributions.

CITY OF TRENTON, TEXAS
Notes to Financial Statements (Continued)
September 30, 2018

Note 11: Pension Plan (Continued)

The funded status as of December 31, 2017, the most recent actuarial valuation date, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2017	\$ 364,737	\$ 311,726	117.0%	\$ (53,011)	\$ 177,440	(29.9)%

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
 Budgetary Comparison Schedule - Modified Cash Basis - General Fund
 For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Tax	\$ 207,000	\$ 207,000	\$ 211,278	\$ 4,278
Sales Tax	100,000	100,000	142,879	42,879
Franchise Tax	32,000	32,000	28,984	(3,016)
Fines	25,000	25,000	34,878	9,878
Sanitation Fees and Charges	86,000	86,000	90,050	4,050
Interest	1,000	1,000	1,516	516
Payment in Lieu of Taxes-(Housing Authority)	2,000	2,000	2,496	496
Contributions	-	-	1,150	1,150
Miscellaneous	5,000	5,000	10,641	5,641
Total Revenues	<u>458,000</u>	<u>458,000</u>	<u>523,872</u>	<u>65,872</u>
Expenditures				
General Government:				
Contractual Services	13,200	13,200	7,946	5,254
Insurance - Property, Liability, and Workers' Compensation	15,000	15,000	11,607	3,393
Office	6,000	6,000	12,851	(6,851)
Professional Fees	36,000	36,000	30,404	5,596
Appraisal District	9,000	9,000	18,347	(9,347)
Utilities	35,000	35,000	35,021	(21)
Park Improvements and Maintenance	3,000	3,000	1,560	1,440
Other	1,700	1,700	1,438	262
Public Safety:				
Health Insurance	21,000	21,000	11,147	9,853
Payroll- Police	112,000	112,000	111,308	692
Payroll - Office	40,000	40,000	37,818	2,182
Payroll Taxes	11,000	11,000	13,631	(2,631)
Retirement	4,000	4,000	4,364	(364)
Municipal Court	7,000	7,000	11,080	(4,080)
Police Department	39,000	39,000	35,799	3,201
Fire Department	10,500	10,500	10,221	279
Sanitation Contract	86,000	86,000	85,904	96
Street Maintenance and Equipment	10,500	10,500	5,662	4,838
Capital Outlay	-	-	48,089	(48,089)
Debt Service				
Principal	14,900	14,900	21,873	(6,973)
Interest and Fees	-	-	992	(992)
Total Expenditures	<u>474,800</u>	<u>474,800</u>	<u>517,062</u>	<u>(42,262)</u>

CITY OF TRENTON, TEXAS
General Fund
Budgetary Comparison Schedule - Modified Cash Basis
For the Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(16,800)</u>	<u>(16,800)</u>	<u>6,810</u>	<u>23,610</u>
Other Financing Sources (Uses)				
Proceeds from Capital Lease	<u>-</u>	<u>-</u>	<u>48,089</u>	<u>48,089</u>
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>48,089</u>	<u>48,089</u>
 Net Change in Fund Balance	 (16,800)	 (16,800)	 54,899	 71,699
Fund Balance - Beginning	<u>541,140</u>	<u>541,140</u>	<u>541,140</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 524,340</u>	<u>\$ 524,340</u>	<u>\$ 596,039</u>	<u>\$ 71,699</u>

