

**CITY OF BEVIL OAKS, TEXAS
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

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Charles E. Reed & Associates, P.C.

Certified Public Accountants & Consultants

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Texas Society of
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Companies Practice Section

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Bevil Oaks, Texas
Bevil Oaks, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities and the major fund of the City of Bevil Oaks, Texas, (the City) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the major fund of the City of Bevil Oaks, Texas as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 28 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Very truly yours,

Charles E. Reed & Associates, P.C.

Charles E. Reed and Associates, P.C.
Certified Public Accountants and Consultants
March 8, 2021

CITY OF BEVIL OAKS, TEXAS
Management's Discussion and Analysis
September 30, 2019

As management of the City of Bevil Oaks (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with the independent auditor's report and the City's financial statements, which follow this section.

Financial Highlights

- The assets of the City of Bevil Oaks, Texas exceeded its liabilities as of September 30, 2019 by \$5,176,277 (net position). Of this amount, \$931,604 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$180,832.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include administration and emergency management. The business-type activities of the City include a water and sewer system.

The government-wide financial statements can be found on pages 10-11 of this report.

CITY OF BEVIL OAKS, TEXAS
Management's Discussion and Analysis (Continued)
September 30, 2019

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has only one governmental fund and one proprietary fund.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The basic governmental fund financial statements can be found on pages 12-15 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations. The Public Works Fund is considered a major enterprise fund of the City.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-27.

CITY OF BEVIL OAKS, TEXAS
Management's Discussion and Analysis (Continued)
September 30, 2019

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Bevil Oaks, assets exceeded liabilities by \$5,176,277 at the close of the most recent fiscal year.

City of Bevil Oaks - Net Position
September 30,

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 452,977	\$ 442,713	\$ 640,653	\$ 702,716	\$1,093,630	\$1,145,429
Noncurrent assets	77,395	88,334	149,140	39,831	226,535	128,165
Capital assets, net (AD)	729,287	652,992	5,099,134	5,144,148	5,828,421	5,797,140
Total Assets	\$ 1,259,659	\$1,184,039	\$ 5,888,927	\$5,886,695	\$7,148,586	\$7,070,734
Current liabilities	\$ 62,286	\$ 4,503	\$ 166,762	\$ 223,436	\$ 229,048	\$ 227,939
Noncurrent liabilities	-	-	1,743,261	1,847,350	1,743,261	1,847,350
Total Liabilities	\$ 62,286	\$ 4,503	\$ 1,910,023	\$2,070,786	\$1,972,309	\$2,075,289
Net position:						
Investment in capital assets	\$ 729,287	\$ 652,992	\$ 3,288,851	\$3,232,886	\$4,018,138	\$ 3,885,878
Restricted	77,395	88,334	149,140	39,831	226,535	128,165
Unrestricted	390,691	438,210	540,913	543,192	931,604	981,402
Net Position	\$ 1,197,373	\$1,179,536	\$ 3,978,904	\$3,815,909	\$5,176,277	\$4,995,445

A portion of the City's net position, \$4,018,138 (77%), reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. The City has two note payables related to its capital assets. Of the remaining balance of net position, \$1,019,938 may be used to meet the government's on-going obligations to citizens and creditors. \$138,201 is restricted for road maintenance and improvements, sewer project, as well as water and sewer customer deposits.

CITY OF BEVIL OAKS, TEXAS
Management's Discussion and Analysis (Continued)
September 30, 2019

City of Bevil Oaks
Changes in Net Position
For the year ending September 30,

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Program Revenues						
Charges for Services	\$ -	\$ -	\$ 573,758	\$ 321,000	\$ 573,758	\$ 321,000
Grants	152,809	208,999	186,781	-	339,590	208,999
General Revenues						
Investment	363	101	3,184	2,693	3,547	2,794
Other	232,234	234,465	-	-	232,234	234,465
Insurance Proceeds	-	-	-	-	-	-
Loss on Disposal of Assets	-	-	(17,000)	-	(17,000)	-
Total	385,406	443,565	746,723	323,693	1,132,129	767,258
Expenses						
General & Admin	307,259	265,173	-	-	307,259	265,173
Public Safety	2,753	5,696	-	-	2,753	5,696
Road Maintenance	35,997	45,646	-	-	35,997	45,646
Community Dev.	6,695	1,891	-	-	6,695	1,891
Grants	14,865	210,490	-	-	14,865	210,490
Public Works	-	-	583,728	725,297	583,728	725,297
Total	367,569	528,896	583,728	725,297	951,297	1,254,193
Transfers In/(Out)						
Total	-	(14,896)	-	14,899	-	3
Increase (Decrease) in Net Position	17,837	(100,227)	162,995	(386,705)	180,832	(486,932)
Net Position - 10/1	1,179,536	1,279,763	3,815,909	4,202,614	4,995,445	5,482,377
Net Position - 9/30	<u>\$ 1,197,373</u>	<u>\$ 1,179,536</u>	<u>\$ 3,978,904</u>	<u>\$ 3,815,909</u>	<u>\$ 5,176,277</u>	<u>\$ 4,995,445</u>

For the fiscal year ended September 30, 2019, the City's general revenues were \$232,597. A significant portion, 57% comes from property taxes collected. The City's revenues from water and sewer services were \$573,758. Operating expenditures for the fiscal year totaled \$951,297 (excluding grants), including \$583,728 of expenses related to the Public Works department (water & sewer services).

CITY OF BEVIL OAKS, TEXAS
Management's Discussion and Analysis (Continued)
September 30, 2019

Financial Analysis of the Government's Funds

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

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

The general fund is the chief operating fund of the City. At September 30, 2019, unrestricted fund balance of the general fund was \$267,226 and restricted fund balance (reserved for road maintenance and buy-out grant) was \$77,395.

Proprietary funds. The City's proprietary fund provides the same information found in the government-wide financial statements, but in more detail. At September 30, 2019, unrestricted fund balance was \$540,913.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets as of September 30, 2019, amounts to \$5,828,421 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment as well as the water and sewer infrastructure.

(City of Bevil Oaks)
Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total Activities	
	2019	2018	2019	2018	2019	2018
Land	\$ 10,000	\$ 10,000	\$ 162,894	\$ 162,894	\$ 172,894	\$ 172,894
Construction in Progress	-	-	110,539	-	110,539	-
Buildings & Improvements	731,534	622,129	-	-	731,534	622,129
Software	-	-	3,065	3,065	3,065	3,065
Machinery and Equipment	58,400	58,400	200,000	200,000	258,400	258,400
Infrastructure	247,614	240,114	5,649,143	5,649,143	5,896,757	5,889,257
Total Fixed Assets	\$ 1,047,548	\$ 930,643	\$ 6,125,641	\$ 6,015,102	\$ 7,173,189	\$ 6,945,745
Less Accumulated						
Depreciation	318,261	277,651	1,026,507	870,954	1,344,768	1,148,605
Total Fixed Assets, net	\$ 729,287	\$ 652,992	\$ 5,099,134	\$ 5,144,148	\$ 5,828,421	\$ 5,797,140

Additional information on the City's capital assets can be found in Note 5.

CITY OF BEVIL OAKS, TEXAS
Management's Discussion and Analysis (Continued)
September 30, 2019

Long-term debt. At September 30, 2019, the City of Bevil Oaks has long-term debt (due in more than one year) in the amount of \$1,733,303, at the end of the fiscal year. Additional information on long-term debt can be found in note number 6.

Other information. In addition to the basic financial statements and accompanying notes, required supplementary information presents budgetary comparison schedules for the General Fund and the Public Works Fund to demonstrate compliance with the budgets. The required supplemental information begins on page 29.

In the General Fund, actual revenue exceeded budgeted total revenue by \$157,103 (due to grants of \$152,809) and actual expenses exceeded budgeted expenses by \$226,514 (largely due to disaster recovery expenditures of \$184,461). In the Public Works Fund, budgeted revenue exceeded actual revenue by \$25,550 and actual operating expenses exceeded budgeted expenses by \$20,338 (includes depreciation).

On August 29, 2017, the City of Bevil Oaks was devastated by Hurricane Harvey. Over 90% of its homes and businesses were flooded. Again, on September 19, 2019, the citizens of Bevil Oaks were hit hard from flooding as a result of Tropical Storm Imelda. The City continues to work with federal and state agencies as well as its insurance provider to facilitate the recovery efforts which are ongoing.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Bevil Oaks, 7390 Sweetgum Road, Beaumont, TX, 77713.

BASIC FINANCIAL STATEMENTS

CITY OF BEVIL OAKS, TEXAS
STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Governmental	Business-type	Total
	Activities	Activities	Activities
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 432,337	\$ 535,279	\$ 967,616
Receivables, Net:			
Taxes Receivable	20,640	-	20,640
Accounts	-	70,871	70,871
Interfund	-	33,553	33,553
Other	-	950	950
Total Current Assets	<u>452,977</u>	<u>640,653</u>	<u>1,093,630</u>
NONCURRENT ASSETS			
Cash and Cash Equivalents - Restricted	<u>77,395</u>	<u>149,140</u>	<u>226,535</u>
Total Noncurrent Assets	<u>77,395</u>	<u>149,140</u>	<u>226,535</u>
CAPITAL ASSETS			
Land	10,000	162,894	172,894
Construction in Progress	-	110,539	110,539
Depreciable Fixed Assets, Net of Accumulated Depreciation	<u>719,287</u>	<u>4,825,701</u>	<u>5,544,988</u>
Total Capital Assets	<u>729,287</u>	<u>5,099,134</u>	<u>5,828,421</u>
TOTAL ASSETS	<u>\$ 1,259,659</u>	<u>\$ 5,888,927</u>	<u>\$ 7,148,586</u>
CURRENT LIABILITIES			
Accounts Payable	\$ 7,761	\$ 57,532	\$ 65,293
Accrued Expenses	2,653	9,032	11,685
Due to FEMA	18,319	-	18,319
Interfund Payable	33,553	-	33,553
Note Payable - Due within one year	-	100,198	100,198
Total Current Liabilities	<u>62,286</u>	<u>166,762</u>	<u>229,048</u>
NONCURRENT LIABILITIES			
Customer Deposits	-	33,176	33,176
Bond Premium	-	76,980	76,980
Note Payable - Due in more than one year	-	1,633,105	1,633,105
Total Noncurrent Liabilities	<u>-</u>	<u>1,743,261</u>	<u>1,743,261</u>
TOTAL LIABILITIES	<u>62,286</u>	<u>1,910,023</u>	<u>1,972,309</u>
NET POSITION			
Invested in Capital Assets, net	729,287	3,288,851	4,018,138
Restricted	77,395	149,140	226,535
Unrestricted	<u>390,691</u>	<u>540,913</u>	<u>931,604</u>
TOTAL NET POSITION	<u>\$ 1,197,373</u>	<u>\$ 3,978,904</u>	<u>\$ 5,176,277</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BEVIL OAKS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grant Contributions	Capital Grant Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 307,259	\$ -	\$ 77,341	\$ 75,468	\$ (154,450)	\$ -	\$ (154,450)
Public Safety	2,753	-	-	-	(2,753)	-	(2,753)
Road Maintenance	35,997	-	-	-	(35,997)	-	(35,997)
Community Development	6,695	-	-	-	(6,695)	-	(6,695)
FEMA	14,865	-	-	-	(14,865)	-	(14,865)
Total Governmental Activities	<u>367,569</u>	<u>-</u>	<u>77,341</u>	<u>75,468</u>	<u>(214,760)</u>	<u>-</u>	<u>(214,760)</u>
Business-type activities:							
Water and sewer	<u>583,728</u>	<u>573,758</u>	<u>-</u>	<u>186,781</u>	<u>-</u>	<u>176,811</u>	<u>176,811</u>
Total business-type activities	<u>583,728</u>	<u>573,758</u>	<u>-</u>	<u>186,781</u>	<u>-</u>	<u>176,811</u>	<u>176,811</u>
Total primary government	<u>951,297</u>	<u>573,758</u>	<u>77,341</u>	<u>262,249</u>	<u>(214,760)</u>	<u>176,811</u>	<u>(37,949)</u>
General revenues:							
Taxes:							
Property Taxes					132,805	-	132,805
Franchise					23,880	-	23,880
Sales					38,201	-	38,201
Investment Earnings					363	3,184	3,547
Miscellaneous					37,348	(17,000)	20,348
Transfers					-	-	-
Total General Revenues					<u>232,597</u>	<u>(13,816)</u>	<u>218,781</u>
Change in Net Position					17,837	162,995	180,832
Net Position, beginning					<u>1,179,536</u>	<u>3,815,909</u>	<u>4,995,445</u>
Net Position, ending					<u>\$ 1,197,373</u>	<u>\$ 3,978,904</u>	<u>\$ 5,176,277</u>

The accompanying notes are integral part of these financial statements.

**CITY OF BEVIL OAKS, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	<u>General Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 432,337
Taxes Receivable	20,640
Total Current Assets	<u>452,977</u>
NONCURRENT ASSETS	
Cash and Cash Equivalents - Restricted	<u>77,395</u>
Total Noncurrent Assets	
TOTAL ASSETS	<u><u>\$ 530,372</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	7,761
Accrued Expenses	2,653
Due to FEMA	18,319
Due to Public Works	33,553
Deferred Inflows - property tax revenue	<u>20,640</u>
Total Liabilities and Deferred Inflows	<u>82,926</u>
FUND BALANCE	
Restricted	77,395
Assigned for Disaster Recovery	102,825
Unassigned	<u>267,226</u>
Total Fund Balance	<u>447,446</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 530,372</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF BEVIL OAKS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Governmental fund balance as reported on the balance sheet for governmental funds	\$ 447,446
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When capital assets that are to be used in governmental funds are purchased, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the City as a whole.

Cost of capital assets, net of accumulated depreciation	729,287
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Deferred property tax revenue is recorded as a liability in the governmental funds. However, that revenue should have been recognized when reported using full accrual.

Deferred property tax revenues	<u>20,640</u>
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Total net assets as reported on the Statement of Net Position for governmental activities.	<u><u>\$ 1,197,373</u></u>
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CITY OF BEVIL OAKS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		General Fund
REVENUES		
Property Tax, Penalty & Interest	\$	127,502
Sales Tax Receipts		38,201
Franchise Fees		23,880
Permits & Fees		10,473
Miscellaneous		26,875
Investment Income		363
Grant Income		152,809
Total Revenues		380,103
EXPENDITURES		
General Government		373,401
Public Safety		2,753
Road Maintenance		20,083
Community Development		32,762
FEMA Buyout Program		14,865
Total Expenditures		443,864
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(63,761)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers Out		-
TOTAL OTHER FINANCING SOURCES (USES)		-
NET CHANGE IN FUND BALANCES		(63,761)
FUND BALANCE - OCTOBER 1		511,207
FUND BALANCE - SEPTEMBER 30	\$	447,446

The accompanying notes are an integral part of these financial statements.

**CITY OF BEVIL OAKS, TEXAS
RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Net change in fund balances for total governmental funds. \$ (63,761)

When capital assets that are to be used in governmental funds are purchased, those costs are reported as expenditures in the governmental funds. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital purchases reclassified	116,905
Current year depreciation expense	(40,610)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Collections on prior year taxes	(1,934)
Collections due from current year taxes	7,237

Change in net assets of governmental activities	<u>\$ 17,837</u>
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CITY OF BEVIL OAKS, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2019

	Business-type Activities - <u>Public Works</u>
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 535,279
Accounts Receivable, net:	
Accounts	70,871
Other	950
Due from General Fund	33,553
Total Current Assets	<u>640,653</u>
NONCURRENT ASSETS	
Cash and Cash Equivalents - Restricted	<u>149,140</u>
Total Noncurrent Assets	<u>149,140</u>
CAPITAL ASSETS	
Land	162,894
Construction in Progress	110,539
Other Capital Assets, net of	
Accumulated Depreciation	<u>4,825,701</u>
Total Capital Assets	<u>5,099,134</u>
TOTAL ASSETS	<u><u>\$ 5,888,927</u></u>
LIABILITIES AND FUND BALANCES	
CURRENT LIABILITIES	
Accounts Payable	57,532
Accrued Expenses	9,032
Long-term Debt - Due within one year	<u>100,198</u>
Total Current Liabilities	<u>166,762</u>
NONCURRENT LIABILITIES	
Customer Deposits	33,176
Bond Premium	76,980
Long-term Debt - Due in more than one year	<u>1,633,105</u>
Total Noncurrent Liabilities	<u>1,743,261</u>
Total Liabilities	<u>1,910,023</u>
FUND BALANCE	
Net investment in capital assets	3,288,851
Restricted	149,140
Unrestricted	<u>540,913</u>
Total Fund Balance	<u>3,978,904</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 5,888,927</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF BEVIL OAKS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION – PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities
	Public
	Works Fund
OPERATING REVENUES	
Service fees	\$ 559,469
Miscellaneous	14,289
Total Operating Revenues	573,758
OPERATING EXPENSES	
Personnel	23,186
Professional services	29,703
Purchased and contract services	41,450
Consumables supplies and materials	87,930
Recurring expenses and repairs	178,913
Depreciation	155,552
Capital Outlay	11,517
Total Operating Expenses	528,251
OPERATING INCOME	45,507
NON-OPERATING REVENUES (EXPENSES)	
Grant revenue	186,781
Interest expense	(55,477)
Gain on sale of assets	(17,000)
Interest revenue	3,184
Total Non-operating Revenues (Expenses)	117,488
CHANGE IN NET POSITION	162,995
NET POSITION - OCTOBER 1	3,815,909
NET POSITION - SEPTEMBER 30	\$ 3,978,904

The accompanying notes are an integral part of these financial statements.

**CITY OF BEVIL OAKS, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers for services	\$	529,569
Payments for personnel		(23,186)
Payments to vendors		(415,036)
Other receipts		112,613
Customer deposit refunds		(2,475)
Net Cash (Used) by Operating Activities		201,485

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Principal payment of long-term debt		(99,516)
Purchase of capital assets		(110,539)
Net Cash (Used) in Investing Activities		(210,055)

NET DECREASE IN CASH (8,570)

CASH AT BEGINNING OF YEAR 692,989

CASH AT END OF YEAR \$ 684,419

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Net income/(loss) for the year	\$	162,995
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		155,552
(Increase) in service receivables		(22,447)
(Increase) in interfund receivables		(61,226)
Decrease in other receivables		184
(Decrease) in accounts payable		(34,054)
(Decrease) in accrued expenses		(628)
(Decrease) in bond premium		(1,463)
Increase in customer deposits		2,572
Total Adjustments		38,490
Net Cash (Used) by Operating Activities	\$	201,485

The accompanying notes are an integral part of these financial statements.

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bevil Oaks, Texas operates under a mayor-council-manager form of government as per Type A General Law which was approved and became effective as of October 1963. The City provides the following services as authorized by this charter: Public Safety (Police), Highways and Streets, Parks and Recreation, Public Works, and General Administration Services.

The basic financial statements of the City of Bevil Oaks, Texas (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below:

A. Reporting Entity

The City Council, a 6-member group, has governance responsibilities over all activities related to city services within the jurisdiction of the City. The Council is elected by the public and has the exclusive power and duty to govern and oversee the management of the City. However, the City is not included in any other governmental “reporting entity” as defined by the GASB in its Statement No. 14, “The Financial Reporting Entity” and there are no component units included within the reporting entity.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by GASB. 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. The other criterion used to evaluate potential component units for inclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the City has no component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for funding.

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Management Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resource, measurement focus*, and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City and available. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

The City has the following major governmental funds:

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those received to be accounted for in another fund.

The City has the following major proprietary funds:

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises when 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 primarily through user charges. The predominant function of the City’s operations is maintained within the

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Works operating fund. The Public Works operating fund is accounted for as an enterprise activity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-like activities and Enterprise Funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D. Cash and Cash Equivalents

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

E. Investments

The City's Investment Policy limits investment of City funds to certificate of deposits or treasury bills with maximum maturities of 12 months for both types of available securities.

F. Inventories and Prepaid Items

The City records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

G. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type activities. Bond issuance costs are expensed in the year the bond is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used. The City has elected to record infrastructure assets prospectively.

Assets are depreciated using straight line method over the following useful lives.

Buildings & Improvements	40 Years
Vehicles & Equipment	5 – 10 Years
Infrastructure	10 - 40 Years
Software	3 Years

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect certain reported amounts and disclosures, accordingly, actual results could differ from those estimates.

J. Government-Wide Net Assets / Fund Balances – Governmental Funds

As of these financial statements, the City has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

Assigned Fund Balance – The portion of fund balance that the City intends to use for specific purposes.

Unassigned Fund Balance – The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Additionally, the District restricts enough cash to refund customer deposits received.

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2019

NOTE 2 – DEPOSITS, SECURITIES AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to the laws of the State of Texas. The depository bank deposits for safekeeping and trust with the City's agent bank, approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The City's cash deposits at September 30, 2019 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank. The deposits were collateralized in accord with Texas Law. At September 30, 2019, the bank balance of the City's deposits with Wells Fargo was \$1,166,972 and the carrying amount was \$1,194,151.

Cash deposits and temporary investments held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

- Category 1: Deposits which are insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2: Deposits which are collateralized with the securities held by financial institutions, trust departments, or agents in the entity's name.
- Category 3: Deposits that are not collateralized.

Based on these three levels of risk, the City's deposits are classified as Category 1.

Investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

- Category 1: Investments that are insured, registered, or held by the entity or by its agent in the entity's name.
- Category 2: Investments that are uninsured and unregistered held by the counter party's trust department or agent in the entity's name.
- Category 3: Uninsured and unregistered investments held by the counter party, its trust department, or its agent, but not in the entity's name.

As of year-end, the City had no investments classified in these categories.

As of year-end the City had one investment account with TexPool. TexPool has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2019

NOTE 2 – DEPOSITS, SECURITIES AND INVESTMENTS (continued)

The primary objectives of TexPool are preservation and safety of principal, liquidity, and yield. Investments include only those authorized by both the Public Funds Investment Act and the TexPool Investment Policy, which is available through its website. TexPool seeks to maintain a net asset value of \$1.00 and is designed to be used for investment of funds which may be needed at any time. The investment pool must maintain an AAA or equivalent rating from at least one nationally recognized statistical rating organization. It is currently rated as AAAM by Standard & Poor’s.

The carrying value of the City’s account was \$60,536 (carried at amortized cost, which approximates fair value). Investments by the City in investment pools are considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book entry form.

NOTE 3 – PROPERTY TAX

Property taxes are attached as an enforceable lien on the property as of January 1. Taxes are levied on October 1, and payable by January 31. Taxes paid after January 31st are subject to a penalty and interest. Taxes are considered delinquent after September 30th and are subject to attorney fees in addition to penalty and interest. The City’s taxes are billed and collected by the county. The City’s property tax revenues are recognized as collected.

Property taxes receivables and related allowances for uncollectible accounts were as follows as of September 30, 2019:

	<u>Governmental Type Activities</u>	<u>Business Type Activities</u>
Property Taxes	\$ 20,640	\$ -
Allowance for Uncollectibles	-	-
Property Taxes, Net	<u>\$ 20,640</u>	<u>\$ -</u>

NOTE 4 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2008 the city obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (“TML”). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for the risk of loss.

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2019

NOTE 5 – CAPITAL ASSETS

During the fiscal year, the City purchased a manufactured home to house the City Hall until a more permanent structure can be built. Additionally, the City constructed a park pavilion and began several Public Works grant projects.

The following is a summary of changes in governmental activities as of September 30, 2019:

Governmental Activities

	October1, 2018	Additions	Retirement	September 30, 2019
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Buildings & Improvements	622,129	109,405	-	731,534
Infrastructure	240,114	7,500	-	247,614
Furniture & Equipment	58,400	-	-	58,400
	<u>930,643</u>	<u>116,905</u>	<u>-</u>	<u>1,047,548</u>
Accumulated Depreciation	<u>277,651</u>	<u>40,610</u>	<u>-</u>	<u>318,261</u>
Governmental Activities Capital Assets, net	<u>\$ 652,992</u>	<u>\$ 76,295</u>	<u>\$ -</u>	<u>\$ 729,287</u>

The following is a summary of changes in business-type activities as of September 30, 2019:

Business-type Activities

	October1, 2018	Additions	Retirement	September 30, 2019
Land	\$ 162,894	\$ -	\$ -	\$ 162,894
Construction in Progress	-	110,539	-	110,539
Infrastructure	5,649,143	-	-	5,649,143
Furniture & Equipment	203,065	-	-	203,065
	<u>6,015,102</u>	<u>-</u>	<u>-</u>	<u>6,125,641</u>
Accumulated Depreciation	<u>870,955</u>	<u>155,552</u>	<u>-</u>	<u>1,026,507</u>
Business-type Activities Capital Assets, net	<u>\$ 5,144,147</u>	<u>\$ (155,552)</u>	<u>\$ -</u>	<u>\$ 5,099,134</u>

Construction in progress of \$110,539 includes initial expenditures for three water and sewer improvement projects funded by grants received from the Texas Water Development Board. Estimated costs to complete all projects is \$1,930,000.

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2019

NOTE 6 – LONG-TERM DEBT

On August 21, 2014 the City entered into a contract with Government Capital Corporation for the purchase of water meters and a meter reading system for \$200,000 with an interest rate of 3.495%. The note will include ten annual payments of \$23,983.58 beginning September 1, 2016 and ending September 1, 2024. The debt issuance and payments will belong to the Public Works. Payments are made payable to First Financial Bank. The new water meters were placed into service on May 1, 2016.

On March 19, 2016 the City entered into a tax and revenue certificates of obligation bond for the cost of capital improvements to the City’s wastewater treatment plant and sewer system for \$1,930,000 with an interest rate of between 2% and 4%. The note will include 20 annual principal payments ranging from \$75,000 to \$130,000 beginning on February 1, 2016 and ending on February 1, 2035. Interest is payable semi-annual on August 1 and February 1 of each year beginning on August 1, 2016 and ending on February 1, 2035. Payments are made payable to Amegy Bank.

The annual requirements to maturity for long-term debt are as follows:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 100,198	\$ 55,285	\$ 155,483
2021	100,904	52,979	153,883
2022	106,635	48,474	155,109
2023	107,391	45,267	152,658
2024	105,300	44,385	149,685
Thereafter	<u>1,312,391</u>	<u>343,608</u>	<u>1,655,999</u>
	<u>\$ 1,832,819</u>	<u>\$ 589,998</u>	<u>\$ 2,422,817</u>

Long-term liability activity for the year ended September 30, 2019 was as follows:

	<u>September 30, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30, 2019</u>
Bond Payable	\$ 146,676	\$ -	\$ 18,857	\$ 127,819
Note Payable	1,780,000	-	75,000	1,705,000
Total	<u>\$ 1,926,676</u>	<u>\$ -</u>	<u>\$ 93,857</u>	<u>\$ 1,832,819</u>

Interest expense for the year ended September 30, 2019 was \$55,477.

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2019

NOTE 7 – SUBSEQUENT EVENTS

Events occurring subsequent to September 30, 2019 were evaluated by management and reviewed through March 8, 2021, date of report issuance, with the following subsequent events noted.

Management Review

An investigation of internal controls involving cash continues as of the report date. The full impact is unknown at this time.

COVID 19 Virus

On March 19, 2020, Jefferson County, Texas issued a Public Health Disaster Order for the County which includes the City of Bevil Oaks. The County has amended its Public Health Notice several times to modify the on-going restrictions placed upon businesses and individuals. The social and economic impact of this public disaster is unknown as of the date of this report.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF BEVIL OAKS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
REVENUES				
Property Tax, Penalty & Interest	\$ 135,000	\$ 135,000	\$ 127,502	\$ (7,498)
Sales Tax Receipts	35,000	35,000	38,201	3,201
Franchise Fees	38,000	38,000	23,880	(14,120)
Permits & Fees	15,000	15,000	10,473	(4,527)
Miscellaneous	-	-	26,875	26,875
Investment Income	-	-	363	363
FEMA Buyout Program	-	-	152,809	152,809
Tranfers In	-	-	-	-
Total Revenues	<u>223,000</u>	<u>223,000</u>	<u>380,103</u>	<u>157,103</u>
EXPENDITURES				
General Government	144,450	144,450	373,401	(228,951)
Public Safety	6,900	6,900	2,753	4,147
Road Maintenance	51,000	51,000	20,083	30,917
Contingency	10,000	10,000	-	10,000
Community Development	5,000	5,000	32,762	(27,762)
FEMA Buyout Program	-	-	14,865	(14,865)
Total Expenditures	<u>217,350</u>	<u>217,350</u>	<u>443,864</u>	<u>(226,514)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 5,650</u>	<u>\$ 5,650</u>	(63,761)	<u>\$ (69,411)</u>
NET CHANGE IN FUND BALANCES			(63,761)	
FUND BALANCE - OCTOBER 1			<u>511,207</u>	
FUND BALANCE - SEPTEMBER 30			<u>\$ 447,446</u>	

CITY OF BEVIL OAKS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY FUND – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
OPERATING REVENUES				
Service fees	\$ 585,308	\$585,308	\$ 559,469	\$ (25,839)
Miscellaneous	14,000	14,000	14,289	289
Total Operating Revenues	<u>599,308</u>	<u>599,308</u>	<u>573,758</u>	<u>(25,550)</u>
OPERATING EXPENSES				
Personnel	28,100	28,100	23,186	4,914
Professional services	25,500	25,500	29,703	(4,203)
Purchased and contract services	41,400	41,400	41,450	(50)
Consumables supplies and materials	145,484	145,484	87,930	57,554
Recurring expenses and repairs	175,005	175,005	178,913	(3,908)
Capital Outlay	-	-	11,517	(11,517)
Debt service	133,100	133,100	-	133,100
Depreciation	-	-	155,552	(155,552)
Total Operating Expenses	<u>548,589</u>	<u>548,589</u>	<u>528,251</u>	<u>20,338</u>
OPERATING INCOME	<u>50,719</u>	<u>50,719</u>	<u>45,507</u>	<u>(5,212)</u>
NON-OPERATING REVENUES (EXPENSES)				
Transfer out	-	-	-	
Interest expense	-	-	(55,477)	(55,477)
Interest revenue	1,000	1,000	3,184	2,184
Total Non-operating Revenues (Expenses)	<u>1,000</u>	<u>1,000</u>	<u>117,488</u>	<u>116,488</u>
CHANGE IN NET ASSETS	<u>\$ 51,719</u>	<u>\$ 51,719</u>	162,995	<u>\$ 111,276</u>
NET ASSETS - OCTOBER 1			<u>3,815,909</u>	
NET ASSETS - SEPTEMBER 30			<u>\$ 3,978,904</u>	