

**CITY OF BEVIL OAKS, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2024**

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ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Bevil Oaks, Texas
13560 River Oaks Blvd
Beaumont, Texas 77713

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Bevil Oaks, Texas as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Bevil Oaks, Texas' basic financial statements as listed in the table of contents.

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 each major fund, of the City of Bevil Oaks, Texas, as of September 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Bevil Oaks, Texas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bevil Oaks, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Bevil Oaks, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bevil Oaks, Texas' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 4-9 and 29-30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Charles E. Reed & Associates, P.C.

Charles E. Reed and Associates, P.C.
Certified Public Accountants and Consultants
Port Arthur, Texas

September 30, 2025

CITY OF BEVIL OAKS, TEXAS
Management's Discussion and Analysis
September 30, 2024

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, 2024. 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, 2024 by \$9,818,111 (net position). Of this amount, \$1,967,968 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$504,144 (including prior period adjustment of -\$711).

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, 2024

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, 2024

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 \$9,818,111 at the close of the most recent fiscal year.

City of Bevil Oaks - Net Position
September 30,

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 798,108	\$ 653,034	\$ 1,309,695	\$ 1,209,402	\$ 2,107,803	\$ 1,862,436
Noncurrent assets	-	391,338	179,007	227,071	179,007	618,409
Capital assets, net (AD)	3,046,299	3,396,637	5,906,299	6,111,015	8,952,598	9,507,652
Total Assets	\$ 3,844,407	\$ 4,441,009	\$ 7,395,001	\$ 7,547,488	\$ 11,239,408	\$ 11,988,497
Current liabilities	20,477	134,814	170,316	198,784	190,793	333,598
Noncurrent liabilities	3,280	7,596	1,227,224	1,325,048	1,230,504	1,332,644
Total Liabilities	\$ 23,757	\$ 142,410	\$ 1,397,540	\$ 1,523,832	\$ 1,421,297	\$ 1,666,242
Net position:						
Investment in capital assets	\$ 3,038,703	\$ 3,384,789	\$ 4,632,433	\$ 4,739,947	\$ 7,671,136	\$ 8,124,736
Restricted	-	391,338	179,007	227,071	179,007	618,409
Unrestricted	781,947	522,472	1,186,021	1,056,638	1,967,968	1,579,110
Net Position	\$ 3,820,650	\$ 4,298,599	\$ 5,997,461	\$ 6,023,656	\$ 9,818,111	\$ 10,322,255

A portion of the City’s net position, \$7,671,136 (79%), 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 one bond payable related to its capital assets. Of the remaining balance of net position, \$1,967,968 may be used to meet the government’s on-going obligations to citizens and creditors. \$179,007 is restricted for grant projects, as well as water and sewer customer deposits.

CITY OF BEVIL OAKS, TEXAS
Management's Discussion and Analysis (Continued)
September 30, 2024

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Revenues						
Charges for Services	\$ -	\$ -	\$ 654,311	\$ 685,943	\$ 654,311	\$ 685,943
Grants	9,147	2,202,007	-	157,360	9,147	2,359,367
General Revenues						
Investment	-	18,815	44,507	26,565	44,507	45,380
Other	241,897	268,306	-	-	241,897	268,306
Total Revenues	251,044	2,489,128	698,818	869,868	949,862	3,358,996
Expenses						
General & Admin	233,933	229,849	-	-	233,933	229,849
Public Safety	266	260	-	-	266	260
Road Maintenance	300,721	88,801	-	-	300,721	88,801
Community Dev.	28,798	14,048	-	-	28,798	14,048
Grants	209,056	221,130	-	-	209,056	221,130
Public Works	-	-	680,521	633,746	680,521	633,746
Total Expenses	772,774	554,088	680,521	633,746	1,453,295	1,187,834
Excess (deficiency) before transfers	(521,730)	1,935,040	18,297	236,122	(503,433)	2,171,162
Transfers In/(Out)	43,781	181,211	(43,781)	(181,211)	-	-
Total	43,781	181,211	(43,781)	(181,211)	-	-
Increase (Decrease) in Net Position	(477,949)	2,116,251	(25,484)	54,911	(503,433)	2,171,162
Net Position - 10/1	4,298,599	1,997,508	6,023,656	5,968,745	10,322,255	7,966,253
Prior Period Adjustment	-	184,840	(711)	-	(711)	184,840
Net Position - 9/30	\$ 3,820,650	\$ 4,298,599	\$ 5,997,461	\$ 6,023,656	\$ 9,818,111	\$ 10,322,255

For the fiscal year ended September 30, 2024, the City's general revenues were \$241,897. Property taxes collected account for about 42%, sales tax receipts 32%, and franchise fees 14%. The City's revenues from water and sewer services were \$698,818. Operating expenditures for the fiscal year totaled \$1,244,239 (excluding grants), including \$680,521 of expenses related to the Public Works department (water & sewer services).

CITY OF BEVIL OAKS, TEXAS
Management’s Discussion and Analysis (Continued)
September 30, 2024

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, 2024, unrestricted fund balance of the general fund was \$693,018 and committed fund balance (reserved for road maintenance) was \$59,624.

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, 2024, unrestricted fund balance was \$1,186,021.

Capital Asset and Debt Administration

Capital assets. The City’s investment in capital assets as of September 30, 2024, amounts to \$8,952,598 (net of accumulated depreciation and amortization). 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	
	2024	2023	2024	2023	2024	2023
Land	\$ 40,376	\$ 40,376	\$ 162,894	\$ 162,894	\$ 203,270	\$ 203,270
Construction in Progress	-	148,099	-	-	-	148,099
Buildings & Improvements	985,199	903,843	-	-	985,199	903,843
Right of Use Asset-Lease	13,601	13,601	-	-	13,601	13,601
Software	-	-	3,065	3,065	3,065	3,065
Machinery and Equipment	58,400	58,400	206,640	206,640	265,040	265,040
Infrastructure	2,719,352	2,719,352	7,475,217	7,475,218	10,194,569	10,194,570
Total Fixed Assets	\$ 3,816,928	\$ 3,883,671	\$ 7,847,816	\$ 7,847,817	\$ 11,664,744	\$ 11,731,488
Less Accumulated						
Depreciation	770,629	487,034	1,941,517	1,736,802	2,712,146	2,223,836
Total Fixed Assets, net	\$ 3,046,299	\$ 3,396,637	\$ 5,906,299	\$ 6,111,015	\$ 8,952,598	\$ 9,507,652

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, 2024

Long-term debt. At September 30, 2024, the City of Bevil Oaks has long-term debt (due in more than one year) in the amount of \$1,210,000 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 \$18,094 and budgeted expenses (includes \$40,000 for depreciation) exceeded actual expenses by \$44,550 (excluding depreciation of \$292,824). In the Public Works Fund, budgeted revenue exceeded actual revenue by \$31,129 and actual operating expenses exceeded budgeted expenses by \$5,843 (includes depreciation).

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, 13560 River Oaks Blvd., Beaumont, TX, 77713.

BASIC FINANCIAL STATEMENTS

CITY OF BEVIL OAKS, TEXAS
STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 668,611	\$ 1,256,542	\$ 1,925,153
Receivables, Net:			
Taxes Receivable	29,305	-	29,305
Accounts, net	-	53,153	53,153
Grants Receivable	49,228	-	49,228
Interfund	49,968	-	49,968
Security Deposits	996	-	996
Total Current Assets	<u>798,108</u>	<u>1,309,695</u>	<u>2,107,803</u>
NONCURRENT ASSETS			
Cash and Cash Equivalents - Restricted	-	179,007	179,007
Total Noncurrent Assets	<u>-</u>	<u>179,007</u>	<u>179,007</u>
CAPITAL ASSETS			
Land	40,376	162,894	203,270
Right of Use Asset, Net	6,800	-	6,800
Depreciable Fixed Assets, Net	2,999,123	5,743,405	8,742,528
Total Capital Assets	<u>3,046,299</u>	<u>5,906,299</u>	<u>8,952,598</u>
TOTAL ASSETS	<u>\$ 3,844,407</u>	<u>\$ 7,395,001</u>	<u>\$ 11,239,408</u>
CURRENT LIABILITIES			
Accounts Payable	\$ 10,511	\$ 22,003	\$ 32,514
Accrued Expenses	5,650	8,345	13,995
Interfund	-	49,968	49,968
Lease Payable - Due within one year	4,316	-	4,316
Note Payable - Due within one year	-	90,000	90,000
Total Current Liabilities	<u>20,477</u>	<u>170,316</u>	<u>190,793</u>
NONCURRENT LIABILITIES			
Customer Deposits	-	43,358	43,358
Bond Premium	-	63,866	63,866
Lease Payable - Due in more than one year	3,280	-	3,280
Note Payable - Due in more than one year	-	1,120,000	1,120,000
Total Noncurrent Liabilities	<u>3,280</u>	<u>1,227,224</u>	<u>1,230,504</u>
TOTAL LIABILITIES	<u>23,757</u>	<u>1,397,540</u>	<u>1,421,297</u>
NET POSITION			
Invested in Capital Assets, net	3,038,703	4,632,433	7,671,136
Restricted	-	179,007	179,007
Unrestricted	781,947	1,186,021	1,967,968
TOTAL NET POSITION	<u>\$ 3,820,650</u>	<u>\$ 5,997,461</u>	<u>\$ 9,818,111</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, 2024**

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	\$ 233,933	\$ -	\$ -	\$ -	\$ (233,933)	\$ -	\$ (233,933)
Public Safety	266	-	-	-	(266)	-	(266)
Road Maintenance	300,721	-	-	-	(300,721)	-	(300,721)
Community Development	28,798	-	-	-	(28,798)	-	(28,798)
Disaster Recovery	209,056	-	-	9,147	(199,909)	-	(199,909)
Total Governmental Activities	<u>772,774</u>	<u>-</u>	<u>-</u>	<u>9,147</u>	<u>(763,627)</u>	<u>-</u>	<u>(763,627)</u>
Business-type activities:							
Water and sewer	680,521	654,311	-	-	-	(26,210)	(26,210)
Total business-type activities	<u>680,521</u>	<u>654,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,210)</u>	<u>(26,210)</u>
Total primary government	<u>1,453,295</u>	<u>654,311</u>	<u>-</u>	<u>9,147</u>	<u>(763,627)</u>	<u>(26,210)</u>	<u>(789,837)</u>
General revenues:							
Taxes:							
Property Taxes					119,188	-	119,188
Franchise					39,573	-	39,573
Sales					91,162	-	91,162
Investment Earnings					-	44,507	44,507
Loss on disposal of asset					(24,967)		(24,967)
Transfers					43,781	(43,781)	-
Miscellaneous					16,941	-	16,941
Total General Revenues					<u>285,678</u>	<u>726</u>	<u>286,404</u>
Change in Net Position					(477,949)	(25,484)	(503,433)
Net Position, beginning					<u>4,298,599</u>	<u>6,023,656</u>	<u>10,322,255</u>
Prior Period Adjustment					-	(711)	(711)
Net Position, ending					<u>\$ 3,820,650</u>	<u>\$ 5,997,461</u>	<u>\$ 9,818,111</u>

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

**CITY OF BEVIL OAKS, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	<u>General Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 668,611
Taxes Receivable	29,305
Due From Public Works	49,968
Due from Other Governments	49,228
Utility Deposit	996
Total Current Assets	798,108
 TOTAL ASSETS	 \$ 798,108
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 10,511
Accrued Expenses	5,650
	16,161
Deferred Inflows - property tax revenue	29,305
Total Liabilities and Deferred Inflows	45,466
 FUND BALANCE	
Committed for Roads	59,624
Unassigned	693,018
Total Fund Balance	752,642
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 798,108

CITY OF BEVIL OAKS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Governmental fund balance as reported on the balance sheet for governmental funds	\$ 752,642
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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	3,046,299
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The issuance of debt (including leases) is reported as other financial resources and debt principal payments are expenditures in the fund financial statements. However, in the Statement of Net Position the debt should be shown as an increase in liabilities.

Lease payable as of year-end	(7,596)
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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>29,305</u>
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Total net assets as reported on the Statement of Net Position for governmental activities.	<u><u>\$ 3,820,650</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, 2024

	General Fund
REVENUES	
Property Tax, Penalty & Interest	\$ 114,267
Sales Tax Receipts	91,162
Franchise Fees	39,573
Permits & Fees	18,272
Grant Income	9,147
Miscellaneous	49,670
Proceeds from sale of assets	-
Total Revenues	322,091
EXPENDITURES	
Current	
General Government	206,493
Public Safety	266
Road Maintenance	43,345
Community Development	23,754
Grant Expense	209,056
Capital Outlay	19,742
Total Expenditures	502,656
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(180,565)
<u>OTHER FINANCING SOURCES (USES)</u>	
Transfers In	43,781
	43,781
NET CHANGE IN FUND BALANCES	(136,784)
	889,426
FUND BALANCE - OCTOBER 1	
FUND BALANCE - SEPTEMBER 30	\$ 752,642

**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, 2024**

Net change in fund balances for total governmental funds. \$ (136,784)

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	18,453
Current year depreciation/amortization expense	(292,824)
Net depreciated value of disposed asset	(75,967)

The repayment of the principal of long-term debt (bonds, leases) are reported as expenditures in the governmental funds. However, in the Statement of Activities, the costs of those payments are reported as decreases of the long-term debt on the Statement of Financial Position.

Copier lease principal payments	4,252
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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	(3,668)
Collections due from current year taxes	8,589

Change in net assets of governmental activities	\$ (477,949)
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CITY OF BEVIL OAKS, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2024

	<u>Business-type Activities - Public Works</u>
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 1,256,542
Accounts Receivable, net:	
Accounts	<u>53,153</u>
Total Current Assets	<u>1,309,695</u>
NONCURRENT ASSETS	
Cash and Cash Equivalents - Restricted	<u>179,007</u>
Total Noncurrent Assets	<u>179,007</u>
CAPITAL ASSETS	
Land	162,894
Other Capital Assets, net of Accumulated Depreciation	<u>5,743,405</u>
Total Capital Assets	<u>5,906,299</u>
TOTAL ASSETS	<u><u>\$ 7,395,001</u></u>
LIABILITIES AND FUND BALANCES	
CURRENT LIABILITIES	
Accounts Payable	\$ 22,003
Accrued Expenses	8,345
Due to General Fund	49,968
Long-term Debt - Due within one year	<u>90,000</u>
Total Current Liabilities	<u>170,316</u>
NONCURRENT LIABILITIES	
Customer Deposits	43,358
Bond Premium	63,866
Long-term Debt - Due in more than one year	<u>1,120,000</u>
Total Noncurrent Liabilities	<u>1,227,224</u>
Total Liabilities	<u>1,397,540</u>
FUND BALANCE	
Net investment in capital assets	4,632,433
Restricted	179,007
Unrestricted	<u>1,186,021</u>
Total Fund Balance	<u>5,997,461</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 7,395,001</u></u>

**CITY OF BEVIL OAKS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION – PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Business-type Activities - Public Works</u>
OPERATING REVENUES	
Service fees	\$ 654,311
Miscellaneous	-
Total Operating Revenues	<u>654,311</u>
OPERATING EXPENSES	
Personnel	32,761
Professional services	39,771
Purchased and contract services	51,645
Consumables supplies and materials	84,356
Recurring expenses and repairs	235,900
Depreciation	<u>204,716</u>
Total Operating Expenses	<u>649,149</u>
OPERATING INCOME	<u>5,162</u>
NON-OPERATING REVENUES (EXPENSES)	
Transfers Out	(43,781)
Interest expense	(31,372)
Interest revenue	<u>44,507</u>
Total Non-operating Revenues (Expenses)	<u>(30,646)</u>
CHANGE IN NET POSITION	(25,484)
NET POSITION - OCTOBER 1	<u>6,023,656</u>
Prior period adjustment	(711)
NET POSITION - SEPTEMBER 30	<u><u>\$ 5,997,461</u></u>

**CITY OF BEVIL OAKS, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers for services	\$	669,116
Payments for personnel		(30,483)
Payments to vendors		(448,462)
Interfund payment		(43,990)
Customer deposit refunds		(4,350)
Net Cash Provided by Operating Activities		141,831

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

Principal payment of long-term debt		(85,000)
Interest on debt		(44,829)
Net Cash (Used) in Investing Activities		(129,829)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income		43,575
Net Cash Provided by Investing Activities		43,575

NET INCREASE IN CASH		55,577
CASH AT BEGINNING OF YEAR		1,379,972
CASH AT END OF YEAR	\$	1,435,549

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

Net income/(loss) for the year	\$	5,162
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		204,716
(Increase) Decrease in:		
Service receivables		3,348
Increase (Decrease) in:		
Accounts payable		(76,210)
Customer deposits		4,815
Total Adjustments		136,669
Net Cash Provided by Operating Activities	\$	141,831

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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 non-fiduciary 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, 2024

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, 2024

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, 2024

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:

Non-spendable – 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, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Accounts Receivable – Proprietary Fund

Proprietary accounts receivables consist of water and sewer receivables. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectible. Allowances are reported when accounts are proven to be uncollectible (generally accounts have been marked final in the billing system).

L. Interfund Receivables and Payables, and Transfers

The outstanding balances between funds result mainly from the time lag between the dates that 1) reimbursable expenditures occur, 2) transactions are recorded in the accounting system, or 3) payments between funds are made.

The composition of interfund balances and transfers as of September 30, 2024 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Public Works	\$ 49,968
<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Public Works	\$ 43,781

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, 2024 were entirely covered by FDIC insurance or by pledged collateral held by the City’s agent bank. The deposits were collateralized in accordance with Texas Law. At September 30, 2024, the bank balance of the City’s deposits with Allegiance Bank was \$1,932,088 and the carrying amount was \$1,917,376.

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.

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2024

NOTE 2 – DEPOSITS, SECURITIES AND INVESTMENTS (Continued)

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.

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 \$186,784 (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 in the General Fund (governmental type activities). The City recognizes write-offs when the county determines balances are uncollectible and therefore, does not carry a related allowance. Historically the City's collection rate is about ninety-eight percent (98%).

Property taxes receivables balance as of September 30, 2024 was \$29,305.

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2024

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.

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in governmental activities as of September 30, 2024:

	October 1, 2023	Additions	Retirement	September 30, 2024
Land	\$ 40,376	\$ -	\$ -	\$ 40,376
Construction in Progress	148,099	-	148,099	-
Right of Use Lease Asset	13,601	-	-	13,601
Buildings & Improvements	903,843	166,552	85,196	985,199
Infrastructure	2,719,352	-	-	2,719,352
Furniture & Equipment	58,400	-	-	58,400
	<u>3,883,671</u>	<u>166,552</u>	<u>233,295</u>	<u>3,816,928</u>
Accumulated Depreciation	<u>487,034</u>	<u>292,824</u>	<u>9,229</u>	<u>770,629</u>
Governmental Activities Capital Assets, net	<u>\$ 3,396,637</u>	<u>\$ (126,272)</u>	<u>\$ 233,295</u>	<u>\$ 3,046,299</u>

Depreciation expense (including \$4,534 of amortization of the right of use lease asset) was charged to functions/programs of the primary government as follows:

General Government	\$ 25,870
Road Maintenance	257,376
Community Development	5,044
Total Depreciation Expense	<u>288,290</u>
ROA Amortization	4,534
	<u>\$ 292,824</u>

Additions during the year included the purchase of two generators for the office and civic center.

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2024

NOTE 5 – CAPITAL ASSETS (Continued)

The following is a summary of changes in business-type activities as of September 30, 2024:

	October 1, 2023	Additions	Retirement	September 30, 2024
Land	\$ 162,894	\$ -	\$ -	\$ 162,894
Infrastructure	7,475,217	-	-	7,475,217
Furniture & Equipment	209,705	-	-	209,705
	<u>7,847,816</u>	<u>-</u>	<u>-</u>	<u>7,847,816</u>
Accumulated Depreciation	1,736,801	204,716	-	1,941,517
Business-type Activities				
Capital Assets, net	<u>\$ 6,111,015</u>	<u>\$ (204,716)</u>	<u>\$ -</u>	<u>\$ 5,906,299</u>

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. City Council voted and paid off the loan during the year.

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%. Twenty annual principal payments ranging from \$75,000 to \$130,000 began February 1, 2016 and end on February 1, 2035. Interest is payable semi-annual on August 1 and February 1 of each year. 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>
2025	\$ 90,000	\$ 40,500	\$ 130,500
2026	95,000	36,800	131,800
2027	100,000	32,900	132,900
2028	100,000	28,900	128,900
2029	105,000	24,800	129,800
2030-2034	590,000	65,350	655,350
2035	<u>130,000</u>	<u>1,950</u>	<u>131,950</u>
	<u>1,210,000</u>	<u>231,200</u>	<u>1,441,200</u>

CITY OF BEVIL OAKS, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2024

NOTE 6 – LONG-TERM DEBT (Continued)

Long-term liability activity for the year ended September 30, 2024 was as follows:

	September 30, 2023	Increases	Decreases	September 30, 2024
Bond Payable	\$ 1,295,000	\$ -	\$ 85,000	\$ 1,210,000
Total	\$ 1,295,000	\$ -	\$ 85,000	\$ 1,210,000

Interest expense for the year ended September 30, 2024 was \$43,575 reduced to \$31,372 by the scheduled amortization of the bond premium by \$12,203. Interest expense is included as a direct expense of the water and sewer activities on the government-wide statement of activities.

NOTE 7 – LEASE

In the prior year the City implemented Governmental Accounting Standards Board Statement No. 87 – *Leases* (“GASB 87”). The objective of the statement is to better meet the information needs of financial statement users. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or outflows of resources based upon the payment provisions in the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lease is required to recognize a lease liability and an intangible right-to-use lease asset.

The copier lease requires additional payments based on actual usage, which are expensed as incurred as variable lease payments. The City used the risk-free rate of return as the interest rate to discount the lease payments to their present value. The lease liability at inception (April 3, 2024) was \$13,601 with monthly payments of \$367 for thirty-six (36) months. The future principal and interest lease payments as of September 30, 2024 are as follows:

Year Ended September 30,	Principal	Interest	Total
2025	\$ 4,316	\$ 85	\$ 4,401
2026	3,280	20	3,300
	<u>7,596</u>	<u>105</u>	<u>7,701</u>

NOTE 9 – SUBSEQUENT EVENTS

Events occurring subsequent to September 30, 2024 were evaluated by management and reviewed through September 30, 2025, date of report issuance.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF BEVIL OAKS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Tax, Penalty & Interest	\$ 123,250	\$ 123,250	\$ 114,267	\$ (8,983)
Sales Tax Receipts	105,000	105,000	91,162	(13,838)
Franchise Fees	41,600	41,600	39,573	(2,027)
Permits & Fees	15,000	15,000	18,272	3,272
Miscellaneous	-	-	49,670	49,670
Investment Income	10,000	10,000	-	(10,000)
Total Revenues	294,850	294,850	312,944	18,094
EXPENDITURES				
General Government	188,250	188,250	206,493	(18,243)
Public Safety	900	900	266	634
Road Maintenance	84,000	84,000	43,345	40,655
Contingency	5,000	5,000	-	5,000
Community Development	20,000	20,000	23,754	(3,754)
Capital Outlay	-	-	19,742	(19,742)
Depreciation	40,000	40,000	-	40,000
Total Expenditures	338,150	338,150	293,600	44,550
EXCESS OF REVENUES OVER EXPENDITURES				
	\$ (43,300)	\$ (43,300)	19,344	\$ 62,644
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In			43,781	
Grant Income			9,147	
Grant Expense			(209,056)	
TOTAL OTHER FINANCING SOURCES (USES)			(156,128)	
NET CHANGE IN FUND BALANCES			(136,784)	
FUND BALANCE - OCTOBER 1			889,426	
FUND BALANCE - SEPTEMBER 30 (BUDGETARY BASIS)			\$ 752,642	
Capital Assets, net of accumulated depreciation			3,046,299	
Lease Liability			(7,596)	
Deferred Inflows of Resources			29,305	
FUND BALANCE - SEPTEMBER 30 (GAAP BASIS)			\$ 3,820,650	

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, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES				
Service fees	\$ 685,440	\$ 685,440	\$ 654,311	\$ (31,129)
Miscellaneous	-	-	-	-
Total Operating Revenues	685,440	685,440	654,311	(31,129)
OPERATING EXPENSES				
Personnel	38,065	38,065	32,761	5,304
Professional services	38,500	38,500	39,771	(1,271)
Purchased and contract services	46,500	46,500	51,645	(5,145)
Consumables supplies and materials	102,600	102,600	84,356	18,244
Recurring expenses and repairs	226,200	226,200	235,900	(9,700)
Debt service	133,250	133,250	128,575	4,675
Depreciation	186,766	186,766	204,716	(17,950)
Total Operating Expenses	771,881	771,881	777,724	(5,843)
OPERATING INCOME	(86,441)	(86,441)	(123,413)	(36,972)
NON-OPERATING REVENUES (EXPENSES)				
Grant revenue	-	-	-	-
Transfer Out			(43,781)	(43,781)
Interest expense	-	-	(31,372)	(31,372)
Interest revenue	20,000.00	20,000	44,507	24,507
Total Non-operating Revenues (Expenses)	20,000	20,000	(30,646)	(50,646)
CHANGE IN NET ASSETS, (BUDGETARY BASIS)	\$ (66,441)	\$ (66,441)	(154,059)	\$ (87,618)
NET ASSETS - OCTOBER 1			6,023,656	
NET ASSETS - SEPTEMBER 30 (BUDGETARY BASIS)			\$ 5,869,597	
Principal portion of debt service payments			85,000	
Amortization of bond premium			12,203	
Interest reclassified to Non-Operating expense			31,372	
Prior period reconciling adjustment			(711)	
NET ASSETS - SEPTEMBER 30 (GAAP BASIS)			\$ 5,997,461	