

CITY OF BEASLEY, TEXAS  
Financial Statements  
with  
Report of Independent Auditor  
For the Year Ended September 30, 2021

CITY OF BEASLEY, TEXAS  
Financial Statements  
For the Year Ended September 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS/BUSINESS ADVISORS

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Beasley, Texas, (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, the aggregately discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Beasley, Texas, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 on pages 4 - 8 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Beasley, Texas' basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting

and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Brenham, Texas  
March 14, 2022

*Seidel Smerdo*

**City of Beasley**  
**P.O. Box 59**  
**Beasley, Texas 77471**

Management's Discussion and Analysis

The following discussion and analysis provides an overview of the city's financial activities of the City of Beasley for the year ended September 30, 2021. The information presented herein should be considered in conjunction with the financial statements identified in the accompanying table of contents.

Financial Highlights

- The City's net position at year-end was \$2,103,319 compared to last year's of \$2,026,486 with the net increase of \$76,833. The net position of our governmental activities increased \$92,416 and the net position of our business-type activities decreased by \$15,583.
- During the year the City had expenses totaling \$489,105 compared to last year's of \$466,216. Governmental activities expenses were \$278,650 while business-type activities expenses were \$210,455.
- General revenues and transfers at year-end for governmental activities totaled \$371,066 while totals for business-type activities were \$194,872.

Overview of the Financial Statements

The annual report consists of four parts – Independent Auditors Report, Management Discussion and Analysis, Basic Financial Statements and Fund Financial Statements.

- The first two statements are Statements of Net Position and Statements of Activities.
- The remaining statements are Fund financial Statements that include governmental funds, proprietary funds, and fiduciary funds.
  1. The Governmental Funds Statements tell how general government services were funded and what remains for future spending.
  2. Proprietary Funds Statements offer financial information about the government operated utility fund.
  3. Fiduciary Funds Statements offer financial information about the conduit debt issued on behalf of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more details.

## Reporting the City as a Whole

The accompanying **Government Wide Financial Statements** include two statements that present financial data for the city as a whole. The Statement of Activities report information about the City as a whole and about its activities. These statements include all assets and liabilities using the modified accrual basis of accounting.

These two statements report the City's net position and liabilities and changes in them. The difference between the City's assets and liabilities are one way to measure the City's financial position. Other indicators need to be taken into account such as the property tax or sales tax base and the condition of the City's streets, to assess the overall health of the city.

The Statement of Net Position and the Statement of Activities are divided into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services such as streets, roads, and parks, are reported here. Sales tax, property tax, and franchise fees finance most of these activities.
- **Business type activities** – The City has one fund that charges a fee to customers to help cover most of the cost to provide this service. This fund provides water and sewer service to the residents of Beasley.

The government wide financial statements include the City of Beasley (primary government), the Economic Development Corporation, and the Community Development Corporation.

## Reporting the City's Most Significant Funds

The fund financial statements provide detailed information about the City's most significant funds-not the City as a whole. Some funds are required to be established by State Law. However, City Council establishes other funds to help control and manage money for particular purposes. The City's three kinds of funds – governmental, proprietary, and fiduciary.

- **Governmental funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short term view of the City's general government operations and the basic services it provides.
- **Proprietary funds** – When the City charges customers for the services it provides they are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

- Fiduciary funds – The Beasley Higher Education Finance Corporation was created for the purpose of issuing bonds for conduit debt for the financing or refinancing of education or housing facilities for other entities.

### Government-Wide Financial Statements

CITY OF BEASLEY, TEXAS  
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,025,980	\$ 907,866	\$ 285,462	\$ 190,403	\$ 1,311,442	\$ 1,098,269
Capital assets	295,217	310,368	813,944	831,848	1,109,161	1,142,216
Total Assets	1,321,197	1,218,234	1,099,406	1,022,251	2,420,603	2,240,485
Current liabilities	81,752	46,001	136,296	43,836	218,048	89,837
Non-current liabilities	98,877	124,081	359	81	99,236	124,162
Total Liabilities	180,629	170,082	136,655	43,917	317,284	213,999
Net Position:						
Net investment in capital assets	166,788	157,368	813,944	831,848	980,732	989,216
Restricted	241,140	202,526	-	-	241,140	202,526
Unrestricted	732,640	688,258	148,807	146,486	881,447	834,744
Total Net Position	\$ 1,140,568	\$ 1,048,152	\$ 962,751	\$ 978,334	\$ 2,103,319	\$ 2,026,486

Capital assets of \$980,732, net of related debt, are included in the City’s net position. An amount of \$241,140 in net position represents resources that are restricted for road maintenance and debt service. The remaining \$881,447 of net position is unrestricted and may be used to meet the City’s ongoing service and credit obligations.

For governmental activities, the total assets increased \$102,963 from year-to-year. This is primarily attributable to the increase in cash as a result of the City’s governmental activities.

For business-type activities, the total assets increased \$77,155. This is primarily attributable to the increase in cash as a result of the City’s water and sewer operations. Total liabilities increased \$92,738. This is primarily attributable to \$83,876 of Coronavirus Local Fiscal Recovery funds that the City received during the year that are set aside to purchase new meters and reported as unearned revenue.



CITY OF BEASLEY, TEXAS  
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 6,337	\$ 14,429	\$ 186,468	\$ 194,513	\$ 192,805	\$ 208,942
Operating grants and contributions	10,828	-	-	-	10,828	-
Capital grants and contributions	-	18,013	-	-	-	18,013
General Revenues						
Property taxes	135,991	135,604	-	-	135,991	135,604
Sales taxes	184,943	143,275	-	-	184,943	143,275
Franchise revenue	23,670	27,297	-	-	23,670	27,297
Other	4,026	15,261	6,456	6,265	10,482	21,526
Gain on sale of capital assets	-	-	-	833	-	833
Transfers in (out)	(89)	-	89	-	-	-
Investment earnings	5,360	8,112	1,859	2,218	7,219	10,330
<b>Total Revenues</b>	<b>371,066</b>	<b>361,991</b>	<b>194,872</b>	<b>203,829</b>	<b>565,938</b>	<b>565,820</b>
<b>Expenses</b>						
General government	255,477	267,626	-	-	255,477	267,626
Highways and streets	9,316	1,629	-	-	9,316	1,629
Health and safety	10,040	-	-	-	10,040	-
Utilities	-	-	210,455	192,551	210,455	192,551
Interest/cost on long-term debt	3,817	4,410	-	-	3,817	4,410
<b>Total Expenses</b>	<b>278,650</b>	<b>273,665</b>	<b>210,455</b>	<b>192,551</b>	<b>489,105</b>	<b>466,216</b>
Change in Net Position	92,416	88,326	(15,583)	11,278	76,833	99,604
Net Position, Beginning of Year	1,048,152	959,826	978,334	967,056	2,026,486	1,926,882
Net Position, End of Year	<u>\$ 1,140,568</u>	<u>\$ 1,048,152</u>	<u>\$ 962,751</u>	<u>\$ 978,334</u>	<u>\$ 2,103,319</u>	<u>\$ 2,026,486</u>

The reasons for significant changes in the revenue and expenses from the prior year are as follows.

Governmental funds:

- General revenues increased \$9,075 primarily due to an increase in sales tax received.

Business-type activities:

- Charges for services decreased \$8,045 primarily due to less customers in the current year.
- Utilities expenses increased \$18,763 primarily due to an increase in garbage service expenses as a result of an increase in contract rates and residents adding secondary trash cans in the current year.

Major Funds

The City uses fund accounting to provide proper financial management of the city's resources and to demonstrate compliance with finance related legal requirements.

**Major Governmental Funds.** The **General fund** is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$721,485.

General Fund Budget

During the year there were no amendments to the original budget. Actual revenues were more than budgeted revenues by \$22,127 as sales taxes were \$47,954 more than budgeted and licenses and permits were \$24,565 below budget. General government expenditures were less than budgeted by \$21,898 primarily due to less fixed assets being purchased.

Capital Assets (Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Non-Depreciable Assets</b>						
Land	\$ 18,060	\$ 18,060	\$ 8,931	\$ 8,931	\$ 26,991	\$ 26,991
Construction in Progress	6,000	-	9,400	-		
<b>Depreciable Assets, Net</b>						
Streets	55,296	56,925	-	-	55,296	56,925
Buildings	184,563	198,349	-	-	184,563	198,349
Vehicles & Equipment	31,298	37,034	18,383	21,859	49,681	58,893
Water System	-	-	206,931	215,421	206,931	215,421
Sewer System	-	-	570,299	585,637	570,299	585,637
<b>Totals</b>	<u>\$ 295,217</u>	<u>\$ 310,368</u>	<u>\$ 813,944</u>	<u>\$ 831,848</u>	<u>\$ 1,093,761</u>	<u>\$ 1,142,216</u>

This year's major additions included:

- Sanitary Sewer System Rehab project, paid for with Proprietary Fund resources: \$9,400

Debt

The City's outstanding debt is comprised of the following as of September 30:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligation refunding bonds	\$ 124,000	\$ 153,000	\$ -	\$ -	\$ 124,000	\$ 153,000
Capital lease	4,429	-	-	-	4,429	-
Compensated absences	1,076	3,276	359	81	1,435	3,357
<b>Total</b>	<u>\$ 129,505</u>	<u>\$ 156,276</u>	<u>\$ 359</u>	<u>\$ 81</u>	<u>\$ 129,864</u>	<u>\$ 156,357</u>

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have a question about this report or need additional information, contact Beasley City Hall, 319 South 3<sup>rd</sup> Street, Beasley, Texas 77471.

**CITY OF BEASLEY, TEXAS**  
**Statement of Net Position**  
**September 30, 2021**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	City of Beasley Economic Development	City of Beasley Community Development
<b>Assets</b>					
Cash and cash equivalents	\$ 507,840	\$ 244,322	\$ 752,162	\$ 111,395	\$ 275,240
Certificates of deposit	279,456	92,667	372,123	-	-
Receivables (net)	66,792	26,510	93,302	-	-
Restricted assets:					
Cash and cash equivalents	64,399	29,456	93,855	-	-
Internal balances	107,493	(107,493)	-	-	-
Due from primary government	-	-	-	6,033	12,066
Other assets	-	-	-	-	50,871
Capital assets					
Non-depreciable	24,060	18,331	42,391	-	-
Depreciable, net	271,157	795,613	1,066,770	-	-
<b>Total assets</b>	<b>1,321,197</b>	<b>1,099,406</b>	<b>2,420,603</b>	<b>117,428</b>	<b>338,177</b>
<b>Liabilities</b>					
Accounts payable	18,320	17,304	35,624	-	-
Accrued liabilities	14,705	5,660	20,365	-	-
Unearned revenue	-	83,876	83,876	-	-
Due to component units	18,099	-	18,099	-	-
Customer deposits	-	29,456	29,456	-	-
Noncurrent liabilities, due within one year					
Bonds payable, current	29,000	-	29,000	-	-
Capital lease liability, current	1,628	-	1,628	-	-
Noncurrent liabilities, due in more than a year					
Bonds payable, long-term	95,000	-	95,000	-	-
Capital lease liability, long-term	2,801	-	2,801	-	-
Compensated absences, long-term	1,076	359	1,435	-	-
<b>Total liabilities</b>	<b>180,629</b>	<b>136,655</b>	<b>317,284</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>					
Net investment in capital assets	166,788	813,944	980,732	-	-
Restricted for:					
Debt service	70,166	-	70,166	-	-
Street maintenance	170,974	-	170,974	-	-
Economic development	-	-	-	117,428	-
Community development	-	-	-	-	338,177
Unrestricted	732,640	148,807	881,447	-	-
<b>Total net position</b>	<b>\$ 1,140,568</b>	<b>\$ 962,751</b>	<b>\$ 2,103,319</b>	<b>\$ 117,428</b>	<b>\$ 338,177</b>

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

**CITY OF BEASLEY, TEXAS**  
**Statement of Activities**  
**For the Year Ended September 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	City of Beasley Economic Development	City of Beasley Community Development	
<b>Primary government</b>										
Governmental activities										
General government	\$ 255,477	\$ 5,435	\$ 10,828	\$ -	\$ (239,214)	\$ -	\$ (239,214)	\$ -	\$ -	
Highways and streets	9,316	-	-	-	(9,316)	-	(9,316)	-	-	
Health and safety	10,040	-	-	-	(10,040)	-	(10,040)	-	-	
Municipal court	-	902	-	-	902	-	902	-	-	
Interest and costs on long-term debt	3,817	-	-	-	(3,817)	-	(3,817)	-	-	
Total governmental activities	<u>278,650</u>	<u>6,337</u>	<u>10,828</u>	<u>-</u>	<u>(261,485)</u>	<u>-</u>	<u>(261,485)</u>	<u>-</u>	<u>-</u>	
Business-type activities										
Proprietary fund	210,455	186,468	-	-	-	(23,987)	(23,987)	-	-	
Total business-type activities	<u>210,455</u>	<u>186,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,987)</u>	<u>(23,987)</u>	<u>-</u>	<u>-</u>	
Total primary government	<u>\$ 489,105</u>	<u>\$ 192,805</u>	<u>\$ 10,828</u>	<u>\$ -</u>	<u>(261,485)</u>	<u>(23,987)</u>	<u>(285,472)</u>	<u>-</u>	<u>-</u>	
Component units										
Economic development	\$ 10,000	\$ -	\$ -	\$ -				(10,000)	-	
Community development	84,767	-	-	-				-	(84,767)	
Total component units	<u>\$ 94,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(10,000)</u>	<u>(84,767)</u>	
General revenues										
Taxes										
Property					135,991	-	135,991	-	-	
Sales					184,943	-	184,943	36,989	73,976	
Franchise fees					23,670	-	23,670	-	-	
Investment income					5,360	1,859	7,219	148	230	
Other					4,026	6,456	10,482	-	-	
Transfers					(89)	89	-	-	-	
Total general revenues and transfers					<u>353,901</u>	<u>8,404</u>	<u>362,305</u>	<u>37,137</u>	<u>74,206</u>	
Change in net position					<u>92,416</u>	<u>(15,583)</u>	<u>76,833</u>	<u>27,137</u>	<u>(10,561)</u>	
Beginning net position					1,048,152	978,334	2,026,486	90,291	348,738	
Net position, ending					<u>\$ 1,140,568</u>	<u>\$ 962,751</u>	<u>\$ 2,103,319</u>	<u>\$ 117,428</u>	<u>\$ 338,177</u>	

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

**CITY OF BEASLEY, TEXAS**

**Balance Sheet**

**Governmental Funds**

**September 30, 2021**

	General	Special Revenue Road & Bridge Fund	Debt Service	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 346,279	\$ 161,561	\$ -	\$ 507,840
Certificates of deposit	279,456	-	-	279,456
Receivables (net of allowances for uncollectibles)				
Property tax	12,512	-	4,601	17,113
Sales tax	49,679	-	-	49,679
Due from other funds	96,914	9,413	1,166	107,493
Cash, restricted	-	-	64,399	64,399
<b>Total assets</b>	<u>\$ 784,840</u>	<u>\$ 170,974</u>	<u>\$ 70,166</u>	<u>\$ 1,025,980</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>				
Liabilities:				
Accounts payable	\$ 18,320	\$ -	\$ -	\$ 18,320
Accrued liabilities	14,705	-	-	14,705
Due to component units	18,099	-	-	18,099
<b>Total liabilities</b>	<u>51,124</u>	<u>-</u>	<u>-</u>	<u>51,124</u>
Deferred inflows of resources:				
Unavailable revenues	12,231	-	4,523	16,754
<b>Total deferred inflows of resources</b>	<u>12,231</u>	<u>-</u>	<u>4,523</u>	<u>16,754</u>
Fund balances:				
Restricted for:				
Debt service	-	-	65,643	65,643
Street maintenance	-	170,974	-	170,974
Unassigned	721,485	-	-	721,485
<b>Total fund balances</b>	<u>721,485</u>	<u>170,974</u>	<u>65,643</u>	<u>958,102</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 784,840</u>	<u>\$ 170,974</u>	<u>\$ 70,166</u>	<u>\$ 1,025,980</u>

Reconciliation of the balance sheet to the statement of net position:

Fund balances of governmental funds	\$ 958,102
Amounts reported for governmental activities in the statements of net position are different because:	

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet:

Governmental capital assets	\$ 736,586	
Less accumulated depreciation	<u>(441,369)</u>	295,217

Unavailable revenues reported in the governmental funds are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	16,754
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	\$ (124,000)	
Capital lease	(4,429)	
Compensated absences	<u>(1,076)</u>	(129,505)

Net position, governmental activities	<u>\$ 1,140,568</u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF BEASLEY, TEXAS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2021**

	General	Special Revenue Road & Bridge Fund	Debt Service	Total Governmental Funds
<b>Revenues:</b>				
Taxes				
Property	\$ 103,729	\$ -	\$ 33,962	\$ 137,691
Sales	147,954	36,989	-	184,943
Franchise fees	23,670	-	-	23,670
Licenses and permits	5,435	-	-	5,435
Fines and court costs	902	-	-	902
Investment income	4,515	584	261	5,360
Grant revenue	10,828	-	-	10,828
Other	4,026	-	-	4,026
Total revenues	<u>301,059</u>	<u>37,573</u>	<u>34,223</u>	<u>372,855</u>
<b>Expenditures:</b>				
Current:				
General government	247,452	-	-	247,452
Highways and streets	7,687	-	-	7,687
Health and safety	10,040	-	-	10,040
Debt service:				
Principal	648	-	29,000	29,648
Interest	130	-	3,687	3,817
Capital outlay	11,077	-	-	11,077
Total expenditures	<u>277,034</u>	<u>-</u>	<u>32,687</u>	<u>309,721</u>
Excess (deficiency) of revenues over expenditures	24,025	37,573	1,536	63,134
<b>Other financing sources (uses):</b>				
Insurance proceeds	17,569	-	-	17,569
Capital lease proceeds	5,077	-	-	5,077
Transfers out	(89)	-	-	(89)
Total other financing sources	<u>22,557</u>	<u>-</u>	<u>-</u>	<u>22,557</u>
Net change in fund balance	46,582	37,573	1,536	85,691
Fund balance, beginning	674,903	133,401	64,107	872,411
Fund balance, ending	<u>\$ 721,485</u>	<u>\$ 170,974</u>	<u>\$ 65,643</u>	<u>\$ 958,102</u>

Reconciliation of the statement of revenues, expenditures and changes in fund balances of the governmental funds to the statement of activities:

Net change in fund balances - total governmental funds	\$ 85,691
Amounts reported for the governmental activities in the statement of activities are different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(995)
Some revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the fund statements.	(1,700)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of these assets are depreciated over their estimated useful lives:	
Capital outlay	\$ 11,077
Depreciation expense	<u>(26,228)</u>
	(15,151)
The repayment of the principal of long-term debt consumes current financial resources of governmental funds, yet has no effect on net position.	29,648
Governmental funds report long-term debt proceeds as other financing sources, yet has no effect on net position.	(5,077)
Change in net position, governmental activities	<u>\$ 92,416</u>

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

**CITY OF BEASLEY, TEXAS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2021**

	Original/ Final Budget	Actual	Variance with Final Budget
Revenues:			
Taxes			
Property	\$ 105,122	\$ 103,729	\$ (1,393)
Sales	100,000	147,954	47,954
Franchise fees	27,000	23,670	(3,330)
Licenses and permits	30,000	5,435	(24,565)
Fines and court costs	2,900	902	(1,998)
Investment income	9,000	4,515	(4,485)
Grant revenue	-	10,828	10,828
Other	4,910	4,026	(884)
Total revenues	<u>278,932</u>	<u>301,059</u>	<u>22,127</u>
Expenditures:			
Current:			
General government	245,560	247,452	(1,892)
Highways and streets	6,000	7,687	(1,687)
Health and safety	5,000	10,040	(5,040)
Debt service:			
Principal	-	648	(648)
Interest	-	130	(130)
Capital outlay	42,372	11,077	31,295
Total expenditures	<u>298,932</u>	<u>277,034</u>	<u>21,898</u>
Excess (deficiency) of revenues over expenditures	(20,000)	24,025	44,025
Other financing sources (uses):			
Insurance proceeds	-	17,569	17,569
Capital lease proceeds	-	5,077	5,077
Transfers in	20,000	-	(20,000)
Transfers out	-	(89)	(89)
Total other financing sources and uses	<u>20,000</u>	<u>22,557</u>	<u>2,557</u>
Net change in fund balance	-	46,582	46,582
Fund balance, beginning	674,903	674,903	-
Fund balance, ending	<u>\$ 674,903</u>	<u>\$ 721,485</u>	<u>\$ 46,582</u>

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

**CITY OF BEASLEY, TEXAS**  
**Statement of Net Position**  
**Proprietary Fund**  
**September 30, 2021**

	Business Type Activities
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 244,322
Certificates of deposit	92,667
Receivables, net of allowance for uncollectibles of \$1,535	26,510
Total current assets	363,499
Restricted assets:	
Cash and cash equivalents	29,456
Total restricted assets	29,456
Noncurrent assets:	
Capital assets:	
Land	8,931
Construction in progress	9,400
Equipment and furniture	17,379
Water and wastewater distribution	1,242,828
Accumulated depreciation	(464,594)
Capital assets (net of accumulated depreciation)	813,944
Total noncurrent assets	813,944
Total assets	\$ 1,206,899
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 17,304
Accrued liabilities	5,660
Unearned revenue	83,876
Due to other funds	107,493
Customer deposits	29,456
Total current liabilities	243,789
Noncurrent liabilities:	
Compensated absences, long-term	359
Total noncurrent liabilities	359
Total liabilities	244,148
<b>Net position</b>	
Net investment in capital assets	813,944
Unrestricted	148,807
Total net position	\$ 962,751

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



**CITY OF BEASLEY, TEXAS**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**September 30, 2021**

	Business Type Activities
Operating revenues:	
Charges for water services	\$ 69,453
Charges for sewer services	60,702
Charges for solid waste services	56,313
Other revenue	6,456
Total operating revenue	192,924
Operating expenses:	
Salaries and wages	25,180
Garbage services	43,991
Professional services	4,500
Repairs and maintenance	65,715
Supplies	17,874
Utilities	18,098
Depreciation	27,304
Other operating expenses	7,793
Total operating expenses	210,455
Operating income (loss)	(17,531)
Nonoperating revenues (expenses)	
Interest income	1,859
Total nonoperating revenue	1,859
Change in net position before transfers	(15,672)
Transfers in	89
Change in net position	(15,583)
Beginning net position	978,334
Net position, ending	\$ 962,751

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

**CITY OF BEASLEY, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended September 30, 2021**

	Business Type Activities
Cash flows from operating activities:	
Cash received from customers	\$ 192,083
Cash payments to suppliers for goods and services	(115,461)
Cash payments to employees for services	(20,272)
Net cash provided by operating activities	56,350
Cash flows from non-capital financing activities:	
Transfers in	89
Net cash provided by non-capital financing activities	89
Cash flows from investing activities:	
Interest on cash and investments	507
Net cash provided by investing activities	507
Net increase in cash and equivalents	56,946
Cash and equivalents, beginning of year	216,832
Cash and equivalents, end of year	\$ 273,778
Unrestricted cash	\$ 244,322
Restricted cash	29,456
	\$ 273,778

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

**CITY OF BEASLEY, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**September 30, 2021**

	Business Type Activities
Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating income (loss)	\$ (17,531)
Adjustments to reconcile to net cash provided by operating activities:	
Depreciation	27,304
Increase (decrease) in cash resulting from changes in assets and liabilities:	
Accounts receivable	(202)
Accounts payable	(4,807)
Compensated absences	278
Accrued liabilities	4,630
Customer deposits	(639)
Unearned revenue	83,876
Due to other funds	(36,559)
Net cash provided by operating activities	\$ 56,350

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

**CITY OF BEASLEY, TEXAS**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**September 30, 2021**

	<u><b>Beasley Higher Education Finance Corp.</b></u>
<b>Assets</b>	\$ -
<b>Liabilities</b>	-
<b>Net Position</b>	<u><u>\$ -</u></u>

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

**CITY OF BEASLEY, TEXAS**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**September 30, 2021**

	<u><b>Beasley Higher Education Finance Corp.</b></u>
Deductions	
Distributions	\$ 5,417
Total deductions	<u>5,417</u>
Change in net position	(5,417)
Beginning net position	<u>5,417</u>
Net position, ending	<u><u>\$ -</u></u>

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

CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

**1. Summary of Significant Accounting Policies**

The Town of Beasley, Texas was organized in 1894. Beasley is a “general law” city governed by the statutes of the State of Texas. In December 1996, the Town of Beasley changed its status from a town to a city form of government. Henceforth, the City of Beasley, Texas (the “City”) is operating under municipality law as a Type A general law municipality. The City Council is the principal legislative body of the City and is composed of a Mayor and five council members who serve two-year terms. The Mayor presides at the council meetings and is entitled to vote on all matters considered by the Council. All powers of the City are vested in the Council.

The City’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant policies established in GAAP and used by the City are discussed below.

**A. Financial Reporting Entity**

The City’s financial reporting entity comprises the following:

Primary Government:

City of Beasley, Texas

Discretely Presented Component Units:

Beasley Community Development Corporation

Beasley Economic Development Corporation

Fiduciary Component Unit:

Beasley Higher Education Finance Corporation

The City has included the Beasley Community Development Corporation and Beasley Economic Development Corporation in its financial statements as discretely presented component units since the City is financially accountable for the entities and a financial benefit or burden relationship exists between the City and the two Corporations. The Corporations are legally separate entities from the City and are governed by their own boards appointed by the City Council.

The City has included the Beasley Higher Education Finance Corporation in its financial statements as a fiduciary component unit since the City is financially accountable for the entity. The Corporation is a legally separate entity from the City and is governed by its

CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

own board appointed by the City Council. The assets being held are for the benefit for other entities and are not derived from the City providing goods or services to those entities.

*Discretely Presented Component Units:*

Beasley Community Development Corporation- In 1997, the voters authorized the creation of the Beasley Community Development Corporation for the purpose of promoting community development within the community. The voters also authorized levying a sales and use tax of one-fourth percent for the benefit of the Corporation. The Corporation's board of directors consists of seven members which are appointed by City Council.

Beasley Economic Development Corporation- In 1997, the voters authorized the creation of the Beasley Economic Development Corporation for the purpose of promoting economic development within the community. The voters also authorized levying a sales and use tax of one-eighth percent for the benefit of the Corporation. The Corporation's board of directors consists of five members which are appointed by City Council.

*Fiduciary Component Unit:*

Beasley Higher Education Finance Corporation - In 2004, the voters authorized the creation of the Beasley Higher Education Finance Corporation for the purpose of issuing bonds for conduit debt for the financing or refinancing of education or housing facilities for other entities. The Corporation's board of directors consists of seven members which are appointed by City Council.

**B. Basis of Presentation**

*Government-wide financial statements*

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The effect of interfund activity, within the governmental and business-type activities, which normally are supported by taxes and intergovernmental revenues, are separate from business-type activities, which rely to a significant extent on fees and charges for support. Program revenues in the statement of net position include both charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items which are not properly included as program revenue are reported as general revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

*Fund financial statements*

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements and this report, into two categories: governmental and proprietary. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented into a single column.

The following major governmental funds are reported by the government:

General Fund- The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except those legally or administratively required to be accounted for in other funds.

Debt Service Fund- The Debt Service Fund is used to account for revenues received from the debt service portion of property taxes and the semi-annual expenditures for the repayment of the General Obligation Refunding Bonds, Series 2015.

Special Revenue Road and Bridge Fund- This fund is used to account for revenues that are specifically restricted for street maintenance.

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The government reports the Utility Fund as a major proprietary fund.

Operating revenues and expenses for proprietary funds include activities related to providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. Revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses.

Fiduciary funds are used to report assets held in trust for others. The City's Higher Education Finance Corporation is reported as a custodial fund.

### **C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.



CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

*Measurement Focus*

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. The fiduciary fund utilizes an "economic resources" measurement focus and full accrual basis of accounting. The statement of changes in fiduciary net position includes information about the additions to, deductions from, and net increase (decrease) for the year in net position for each fiduciary fund.

*Basis of Accounting*

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

**D. Budgetary basis**

Annual appropriated budgets are adopted for the general and enterprise funds. The budget for the general fund is prepared and adopted on a basis consistent with generally accepted accounting principles, which is the same basis of accounting used for financial reporting in these financial statements. Budgets are adopted by passage of a budget ordinance. All annual budget appropriations lapse at fiscal year-end.

**E. Legal budgetary control**

The legal level of budgetary control is each general ledger account. Therefore, to increase the appropriations for any general ledger account requires a budget amendment enacted by City ordinance. General fund expenditures exceeded budget by \$72,357 at the legal level of budgetary control.

**F. Cash and Investments**

For the purpose of the Statement of Net Position and the Statement of Cash Flows, “Cash and cash equivalents” consists of cash on hand, amounts in demand deposit accounts and interest-bearing checking accounts, as well as certificates of deposits with maturities of three months or less.

**G. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**H. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Any residual balances are classified as “due from other funds” and “due to other funds,” respectively, on the balance sheet and statement of Net Position.

**I. Restricted Assets**

Restricted assets include cash and interfund receivables that are legally restricted as to their use. The Debt Service Fund has restricted assets to pay bond principal and interest payments. The Utility Fund has restricted assets to repay customer deposits.

CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

**J. Capital Assets**

Capital assets, such as property, plant and equipment, and infrastructure assets (e.g., roads, drainage systems, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide statement of net position. The City defines capital assets as assets with initial, individual costs of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description:</u>	<u>Estimated Useful Life:</u>
Buildings and improvements	40 years
Water and sewer plant	50 years
Infrastructure	50 years
Machinery and equipment	5 - 10 years

**K. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accrued sick days are paid to an employee upon retirement, but not upon resignation or termination. Accrued vacation days are paid out to all employees. All vacation and sick pay is accrued when incurred in the government-wide financial statements.

**L. Long-term Obligations**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and compensated absences.

CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

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

**M. Fund Equity**

*Government-wide statements*

Equity is classified as Net Position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, and/or unassigned.

The *nonspendable* fund balance includes the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include supplies inventories and prepaid items, long-term advances to other funds net of deferred interest revenue, long-term receivable net of deferred interest revenue, nonfinancial assets held for resale, and unrealized change in the fair value of investments.

Some resources are spendable but are legally or contractually required to be maintained intact. Such resources include the principal of an endowment.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors), laws and regulations of other governments, or through enabling legislation. The enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation.

CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal Council actions, no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

The *assigned* fund balance includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by the City Council or its designated officials to assign amounts to be used for specific purposes, but are neither restricted nor committed. Constraints imposed on the use of assigned amounts can be removed with no formal Council actions. The assigned fund balance is only reported in the General Fund.

The *unassigned* fund balance represents spendable net resources that have not been restricted, committed, or assigned to specific purposes.

*Spending Prioritization in Using Available Resources*

When both restricted resources and other resources (i.e., committed, assigned, and unassigned) can be used for the same purpose, the City budget considers restricted resources to be spent first.

When committed, assigned, and unassigned resources can be used for the same purpose, the flow assumption in the City budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

**N. Interfund Transactions**

The following is a description of the basic types of interfund transactions made during the year and the related accounting policy:

Transfers of financial resources between funds are recognized in the funds affected in the period in which the interfund receivables and payables arise.

During the course of normal operations, the City has numerous transactions between funds to provide services, construct assets, service debt, and so forth. These transactions are generally reflected as operating transfers.

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

**2. Deposits and investments**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Of

CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

the bank and certificates of deposit balances, \$800,414 was covered by federal depository insurance at five institutions and \$817,112 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

**3. Property taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable by February 1, at which time they become delinquent. Fort Bend County collects the City's property taxes. Property tax revenues are recognized when collected and received.

The following summarizes property tax levies and collections for the year ended September 30, 2021.

Tax Roll Year	Outstanding Taxes at Sept. 30, 2020	Taxes Levied in Current Year	Collections and Adjustments in Current Year	Outstanding Taxes at Sept. 30, 2021
2003-2015	\$ 9,441	\$ -	\$ 2,080	\$ 7,361
2016	1,701	-	502	1,199
2017	1,469	-	403	1,066
2018	1,962	-	340	1,622
2019	4,542	-	2,627	1,915
2020	-	133,638	129,688	3,950
	<u>\$ 19,115</u>	<u>\$ 133,638</u>	<u>\$ 135,640</u>	<u>\$ 17,113</u>

**4. Economic Development and Infrastructure Reimbursement Agreements**

The City of Beasley negotiates economic development and infrastructure reimbursement agreements on an individual basis. The City entered into agreements in 2019 and 2020, allowing localities to receive economic development grants and/or reimbursement for actual costs of constructed infrastructure for economic development purposes, which include business relocation, retention and expansion.

Both recipients are responsible for the costs of improvements to the properties. If the recipients do not fulfill the requirements, the City has a recapture clause and if such default is not cured within sixty days, the agreements shall be terminated.

The 2019 recipient will continuously operate and maintain the property as a chemical manufacturing and distribution center. The 2020 recipient will install infrastructure and develop approximately 150 single-family residential homes as a single community project. In accordance with the agreements, the City does not owe any reimbursements or economic grant payments related to these agreements for the year ended September 30, 2021.

CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

**5. Receivables**

Receivables as of year-end for the government's individual major funds, including the applicable allowance for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>			Business- Type Activities	Totals
	<u>General</u>	<u>Street Fund</u>	<u>Debt Service</u>		
Net Receivables:					
Sales tax	\$ 49,679	\$ -	\$ -	\$ -	\$ 49,679
Property taxes	12,512	-	4,601	-	17,113
Customer accounts	-	-	-	26,510	26,510
Totals	<u>\$ 62,191</u>	<u>\$ -</u>	<u>\$ 4,601</u>	<u>\$ 26,510</u>	<u>\$ 93,302</u>

**6. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
<u>Governmental activities</u>				
Capital assets not being depreciated				
Land	\$ 18,060	\$ -	\$ -	\$ 18,060
Construction in progress	-	6,000	-	6,000
Total capital assets not being depreciated	<u>18,060</u>	<u>6,000</u>	<u>-</u>	<u>24,060</u>
Capital assets being depreciated				
Infrastructure	186,418	-	-	186,418
Buildings and improvements	388,576	-	-	388,576
Machinery and equipment	132,454	5,077	-	137,531
Total capital assets being depreciated	<u>707,448</u>	<u>5,077</u>	<u>-</u>	<u>712,526</u>
Less: accumulated depreciation for:				
Infrastructure	129,493	1,629	-	131,122
Buildings and improvements	190,227	13,787	-	204,014
Machinery and equipment	95,421	10,812	-	106,233
Total accumulated depreciation	<u>415,141</u>	<u>26,228</u>	<u>-</u>	<u>441,369</u>
Total capital assets being depreciated, net	<u>292,308</u>	<u>(21,151)</u>	<u>-</u>	<u>271,157</u>
Governmental activities capital assets, net	<u>\$ 310,368</u>	<u>\$ (15,151)</u>	<u>\$ -</u>	<u>\$ 295,217</u>

CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Business-type activities</u>				
Capital assets not being depreciated				
Land	\$ 8,931	\$ -	\$ -	\$ 8,931
Construction in progress	-	9,400	-	9,400
Total capital assets not being depreciated	<u>8,931</u>	<u>9,400</u>	<u>-</u>	<u>18,331</u>
Capital assets being depreciated				
Water System	474,313	-	-	474,313
Sewer System	761,816	-	-	761,816
Vehicles and other equipment	24,078	-	-	24,078
Total capital assets being depreciated	<u>1,260,207</u>	<u>-</u>	<u>-</u>	<u>1,260,207</u>
Less: accumulated depreciation for:				
Water System	258,892	8,490	-	267,382
Sewer System	176,179	15,338	-	191,517
Vehicles and other equipment	2,219	3,476	-	5,695
Total accumulated depreciation	<u>437,290</u>	<u>27,304</u>	<u>-</u>	<u>464,594</u>
Total capital assets being depreciated, net	<u>822,917</u>	<u>(27,304)</u>	<u>-</u>	<u>795,613</u>
Business-type activities capital assets, net	<u>\$ 831,848</u>	<u>\$ (17,904)</u>	<u>\$ -</u>	<u>\$ 813,944</u>

Depreciation expense was charged to programs of the primary government. General government depreciation expense was \$24,599 and the road and bridge depreciation expense was \$1,629.

**7. Restricted Assets**

At September 30, 2021, restrictions on cash and investments were as follows:

	Proprietary Fund	Debt service Fund
<u>Cash and Investments</u>		
Restricted for:		
Customer deposits	\$ 29,456	\$ -
Debt service	-	64,399
Total	<u>\$ 29,456</u>	<u>\$ 64,399</u>

**8. Long-term Liabilities**

Long-term liabilities outstanding at September 30, 2021 are comprised of the following:

Series 2015 General Obligation Refunding bonds, due in semiannual payments at an interest rate of 2.41%, maturing in 2025.	\$ 124,000
Less Current portion	(29,000)
Long term debt	<u>\$ 95,000</u>



CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

Annual debt service requirements to maturity for the outstanding debt, including interest are as follows:

Fiscal Year Ending September 30	Debt Service	
	Principal	Interest
2022	\$ 29,000	\$ 2,988
2023	29,000	2,290
2024	33,000	1,591
2025	33,000	795
Total	\$ 124,000	\$ 7,664

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
<u>Long Term Debt</u>					
General obligations	\$ 153,000	\$ -	\$ 29,000	\$ 124,000	\$ 29,000
Total long-term debt	153,000	-	29,000	124,000	29,000
<u>Other Long-Term Liabilities</u>					
Compensated absences	81	995	-	1,076	-
Capital lease liability	-	5,077	648	4,429	1,628
Total other long-term liabilities	81	6,072	648	5,505	1,628
Total Governmental	\$ 153,081	\$ 6,072	\$ 29,648	\$ 129,505	\$ 30,628
<b>Business type activities</b>					
<u>Other Long-Term Liabilities</u>					
Compensated absences	\$ 81	\$ 278	\$ -	\$ 359	\$ -
Total other long-term liabilities	81	278	-	359	-
Total Proprietary	\$ 81	\$ 278	\$ -	\$ 359	\$ -

CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

In April 2021, the City entered into a lease agreement for a copier. The copier was capitalized at a cost of \$5,077. The related depreciation expense for the year ended September 30, 2021 is \$705. Capital lease obligations are as follows:

For the Fiscal Year ending September 30	Lease Portion	Maintenance Portion	Total
2022	\$ 1,866	\$ 114	\$ 1,980
2023	1,866	114	1,980
2024	1,089	67	1,155
	<u>\$ 4,821</u>	<u>\$ 295</u>	<u>\$ 5,115</u>
Less amount representing interest	<u>391</u>		
Present value of minimum lease payments	<u>\$ 4,429</u>		

**9. Conduit Debt**

The City of Beasley Higher Education Finance Corporation (BHEFC) has issued tax-exempt revenue bonds or term loan agreements on behalf of various other entities in the form of conduit debt. The Corporations have no obligation for the debt, which is considered to be special and limited obligations payable solely from the revenues of borrowers.

The following conduit debt has been issued:

<u>Date of issuance</u>	<u>Issued on Behalf of</u>	<u>Amount of Original Issue</u>
November 2004	SER-Ninos Charter School	Unavailable
February 2006	Archdiocese of Galveston-Houston	\$ 10,000,000
August 2007	Uplift Education	15,945,000

**10. Commitments**

In 2018, the City entered into an agreement with Texas Pride Disposal Solution for solid waste pickup for a period of four years.

In 2021, the Community Development Corporation entered into an agreement for playground equipment totaling \$101,742. As of September 30, 2021, a deposit of \$50,871 has been paid on the equipment.

**11. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

CITY OF BEASLEY, TEXAS  
Notes to Basic Financial Statements  
September 30, 2021

The City maintains commercial insurance coverage covering fire, natural disasters, theft, and vandalism for real and personal property.

There were no significant changes in coverages, retentions, or limits during the fiscal year. Settled claims have not exceeded the commercial coverages above in any of the previous three fiscal years. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

**12. Related Party Transactions**

During the year ending September 30, 2021, the City paid approximately \$40,000 to a business in which the mayor's son had ownership interest.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF BEASLEY, TEXAS**  
**Schedule of Revenues, Expenses and Changes in Net Position-**  
**Budget and Actual**  
**Enterprise Fund**  
**For the Year Ended September 30, 2021**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variances from Budget</u>
Operating revenues:			
Charges for water services	\$ 73,824	\$ 69,453	\$ (4,371)
Charges for sewer services	65,002	60,702	(4,300)
Charges for solid waste services	55,200	56,313	1,113
Other revenue	6,636	6,456	(180)
Total operating revenue	<u>200,662</u>	<u>192,924</u>	<u>(7,738)</u>
Operating expenses:			
Salaries and wages	36,200	25,180	(11,020)
Garbage services	42,000	43,991	1,991
Professional services	30,144	4,500	(25,644)
Repairs and maintenance	47,500	65,715	18,215
Supplies	29,555	17,874	(11,681)
Utilities	20,000	18,098	(1,902)
Other operating expenses	9,700	7,793	(1,907)
Depreciation	-	27,304	27,304
Capital outlay	270,437	-	(270,437)
Total operating expenses	<u>485,536</u>	<u>210,455</u>	<u>(275,081)</u>
Operating income (loss)	(284,874)	(17,531)	267,343
Nonoperating revenues (expenses)			
Grant income	280,581	-	(280,581)
Interest income	4,293	1,859	(2,434)
Total nonoperating revenue	<u>284,874</u>	<u>1,859</u>	<u>(283,015)</u>
Change in net position before transfers	-	(15,672)	(15,672)
Transfers in	-	89	89
Total transfers	<u>-</u>	<u>89</u>	<u>89</u>
Change in net position	-	(15,583)	(15,583)
Beginning net position	<u>978,334</u>	<u>978,334</u>	<u>-</u>
Net position, ending	<u>\$ 978,334</u>	<u>\$ 962,751</u>	<u>\$ (15,583)</u>

**CITY OF BEASLEY, TEXAS**  
**Analysis of Taxes Levied and Receivable**  
**For the Year Ended September 30, 2021**

	<u>General Fund</u>	<u>Debt Service Fund</u>				
<b>Taxes receivable- October 1, 2020</b>	\$ 13,931	\$ 5,184				
Original tax roll 2021	100,850	32,788				
Tax collections:						
Current year	97,869	31,819				
Prior years	4,400	1,552				
Total Collections	<u>102,269</u>	<u>33,371</u>				
<b>Taxes Receivable- September 30, 2021</b>	<u>\$ 12,512</u>	<u>\$ 4,601</u>				
<b>Taxes Receivable - By Tax Year</b>						
2020	\$ 2,984	\$ 997				
2019	1,458	557				
2018	1,123	348				
2017	779	583				
2016 and prior	6,168	2,116				
<b>Taxes Receivable- September 30, 2021</b>	<u>\$ 12,512</u>	<u>\$ 4,601</u>				
Property Valuations	2020	2019	2018	2017	2016	2015
Total Property Valuations	<u>\$ 35,119,404</u>	<u>\$ 34,968,679</u>	<u>\$ 31,659,716</u>	<u>\$ 29,918,375</u>	<u>\$ 28,687,446</u>	<u>\$ 23,425,396</u>
Tax Rate Per \$100 Valuation						
Debt service	\$ 0.09321	\$ 0.09588	\$ 0.11131	\$ 0.08634	\$ 0.20000	\$ 0.11568
Maintenance and operations	0.286692	0.286991	0.291489	0.27891	0.26714	0.38345
Total Tax Rater per \$100 Valuation	<u>\$ 0.37990</u>	<u>\$ 0.38287</u>	<u>\$ 0.40280</u>	<u>\$ 0.36525</u>	<u>\$ 0.46714</u>	<u>\$ 0.49913</u>
<b>Tax Rolls</b>	<u>\$ 133,638</u>	<u>\$ 134,534</u>	<u>\$ 127,932</u>	<u>\$ 109,279</u>	<u>\$ 143,189</u>	<u>\$ 116,923</u>

**CITY OF BEASLEY, TEXAS**  
**Schedule of Long-Term Debt by Maturity Date-**  
**Governmental Activities**  
**September 30, 2021**

<b>Fiscal Year Ending</b>	<b>Total Requirements- All Long-Term Debt</b>			<b>G.O. Refunding Bonds Series 2015</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2022	\$ 29,000	\$ 2,988	\$ 31,988	\$ 29,000	\$ 2,988	\$ 31,988
2023	29,000	2,290	31,290	29,000	2,290	31,290
2024	33,000	1,591	34,591	33,000	1,591	34,591
2025	33,000	795	33,795	33,000	795	33,795
<b>Totals</b>	<b>\$ 124,000</b>	<b>\$ 7,664</b>	<b>\$ 131,664</b>	<b>\$ 124,000</b>	<b>\$ 7,664</b>	<b>\$ 131,664</b>