



S. PATRICIA WHITE, CPA, P.C.

**Hays County
Emergency Services District #8**

Independent Auditor's Report

September 30, 2018

Hays County Emergency Services District #8

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S. PATRICIA WHITE, CPA, P.C.

Independent Auditor's Report

To the Board of Fire Commissioners
Hays County Emergency Services District #8
Buda, Texas

I have audited the accompanying financial statements of the governmental activities of the Hays County Emergency Services District #8 (the "District") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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, I 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.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison on pages 3-6 and 18 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Patricia White CPA

April 12, 2019
Round Rock, Texas

Management's Discussion and Analysis

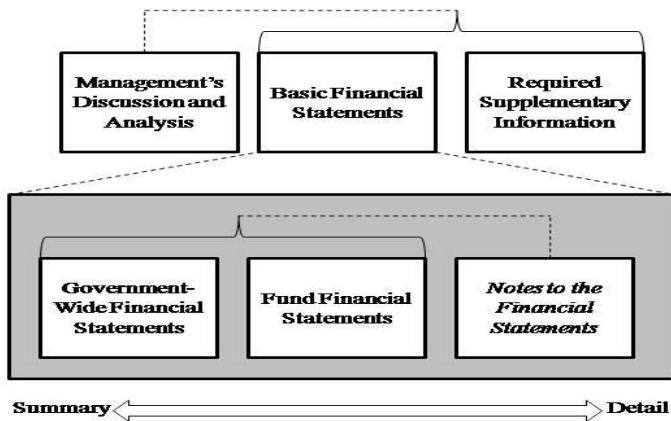
The discussion and analysis of Hays County Emergency Services District #8's (the "District's") financial performance provides an overview of the District's financial activities for the year ended September 30, 2018. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- During the year, the District had expenses of \$7,222,380 compared to total revenues of \$7,532,307 resulting in net increase to net position of \$309,927 for the year ended September 30, 2018. For the year ended September 30, 2017, the District had net income of \$1,483,494.
- There was a increase to long-term debt of \$1,202,315 due to a new financing agreement.

Using This Annual Report

This annual report consist of a series of financial statements: The Statement of Net Assets and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Funds, Revenues, Expenditures and Changes in Fund Balances provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future pending.



Reporting the District as a Whole

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its' financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax to assess the overall health of the District.

The District as a Whole

The net position of the District's activities increased by \$309,927. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants.

The District has sufficient revenues to pay expenses of the District.

The actual General Fund had revenues in excess of expenditures of \$1,045,718.

Summarized Statement of Net Position:

	<u>9/30/2018</u>	<u>9/30/2017</u>
Current assets	\$ 3,641,918	\$ 3,063,861
Capital assets	<u>8,154,150</u>	<u>6,215,767</u>
 Total assets	 <u>\$ 11,796,068</u>	 <u>\$ 9,279,628</u>
 Current liabilities	 \$ 2,062,966	 \$ 848,601
Long-term debt	<u>3,618,621</u>	<u>2,626,473</u>
 Total liabilities	 <u>5,681,587</u>	 <u>3,475,074</u>
 Invested in capital assets, net of long-term debt	 3,546,422	 3,387,109
Unrestricted	<u>2,568,059</u>	<u>2,417,445</u>
 Total net position	 <u>6,114,481</u>	 <u>5,804,554</u>
	 <u>\$ 11,796,068</u>	 <u>\$ 9,279,628</u>

Summarized Statement of Activities:

	<u>9/30/2018</u>	<u>9/30/2017</u>
Revenues:		
Property taxes	\$ 3,482,382	\$ 3,085,736
Sales and use tax	1,974,908	1,672,955
EMS revenue	1,706,121	1,546,893
Other income	<u>368,896</u>	<u>153,886</u>
 Total revenues	 <u>7,532,307</u>	 <u>6,459,470</u>
 Expenses:		
Personnel and related costs	\$ 5,408,972	\$ 3,570,834
Depreciation	493,474	254,971
Debt service	152,029	164,442
Other expenses	<u>1,167,905</u>	<u>985,729</u>
 Total expenses	 <u>7,222,380</u>	 <u>4,975,976</u>
 Change in net position	 <u>\$ 309,927</u>	 <u>\$ 1,483,494</u>

Capital Assets

At September 30, 2018, the District had \$8,154,150 invested in capital assets (net of depreciation). At year end \$4,523,726 is invested in buildings, \$5,524,538 in trucks and equipment and \$735,730 is invested in land. Total accumulated depreciation as of September 30, 2018 was \$2,629,844.

Long-Term Debt

The District's long-term debt at September 30, 2018 totaled \$4,030,973 for all notes payable. The current portion of the long-term debt is \$412,352. Fire stations and fire apparatus are pledged as collateral as shown below:

<u>Collateral</u>	<u>Long-Term Portion</u>	<u>Current Portion</u>	<u>Total</u>
Trucks & Equipment	\$ 1,473,050	\$ 226,950	\$ 1,700,000
Fire Stations	<u>2,145,571</u>	<u>185,402</u>	<u>2,330,973</u>
	<u>\$ 3,618,621</u>	<u>\$ 412,352</u>	<u>\$ 4,030,973</u>

Economic Factors and Next Year's Budgets and Rates

The District's elected and appointed officials considered many factors when setting the budget and tax rates. One of those factors is the economy and estimated needs to operate the District in the coming year.

Contacting the District's Financial Management

This financial report is designed to provide the taxpayers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's office at:

Hays County ESD #8
P.O. Box 782
Buda, Texas 78610
Telephone (512) 295-2232

Hays County Emergency Services District #8

Statement of Net Position and Governmental Fund Balance Sheet

September 30, 2018

Assets

	General Fund	Total Governmental Funds	Adjustments	Total
Assets				
Cash and cash equivalents	\$ 3,447,607	\$ 3,447,607	-	\$ 3,447,607
Accounts receivable	23,609	23,609	-	23,609
Taxes receivable	170,702	170,702	-	170,702
Prepaid item	-	-	-	-
Total current assets	<u>3,641,918</u>	<u>3,641,918</u>	-	<u>3,641,918</u>
Capital Assets:				
Land	-	-	735,730	735,730
Buildings	-	-	4,523,726	4,523,726
Equipment	-	-	5,524,538	5,524,538
Less accumulated depreciation	-	-	(2,629,844)	(2,629,844)
Net capital assets	<u>-</u>	<u>-</u>	<u>8,154,150</u>	<u>8,154,150</u>
Total assets	<u>\$ 3,641,918</u>	<u>\$ 3,641,918</u>	<u>\$ 8,154,150</u>	<u>\$ 11,796,068</u>

Notes to the financial statements are integral to this statement.

	<u>General Fund</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Total</u>
Current liabilities				
Deferred income	\$ 49,710	\$ 49,710	\$ (49,710)	\$ -
Accounts payable	153,534	153,534	-	153,534
Accrued payroll liabilities	17,425	17,425	-	17,425
Accrued interest payable	57,756	57,756	-	57,756
Net pension liability	-	-	1,421,899	1,421,899
Current portion - loans	-	-	412,352	412,352
	<u>278,425</u>	<u>278,425</u>	<u>1,784,541</u>	<u>2,062,966</u>
Total current liabilities				
Long-term liabilities:				
Loans payable	-	-	4,030,973	4,030,973
Less: current portion of note payable	-	-	(412,352)	(412,352)
	<u>-</u>	<u>-</u>	<u>3,618,621</u>	<u>3,618,621</u>
Total long-term liabilities				
Fund Balances/Net Position:				
Unassigned	<u>3,363,493</u>	<u>3,363,493</u>		
				\
Total fund balance	<u>3,363,493</u>	<u>3,363,493</u>		
Total liabilities and net assets	<u>\$ 3,641,918</u>	<u>\$ 3,641,918</u>		
Investment of capital assets, net of long-term debt				
Unrestricted				\ 3,546,422
				<u>2,568,059</u>
Total net position			<u>\$ 6,114,481</u>	

Notes to the financial statements are integral to this statement.

Hays County Emergency Services District #8

Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance

Year Ended September 30, 2018

	<u>General Fund</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Total</u>
Revenues:				
Property tax revenue	\$ 3,482,382	\$ 3,482,382	\$ -	\$ 3,482,382
Sales tax revenue	1,974,908	1,974,908	-	1,974,908
EMS revenue	1,706,121	1,706,121	-	1,706,121
Other income	254,551	254,551	-	254,551
Permit fees	60,362	60,362	-	60,362
Operations revenue	42,913	42,913	-	42,913
Grant revenue	7,525	7,525	-	7,525
Training revenue	3,545	3,545	-	3,545
	<u>7,532,307</u>	<u>7,532,307</u>	<u>-</u>	<u>7,532,307</u>
Expenditures/expenses:				
Payroll and related costs	4,074,965	4,074,965	1,334,007	5,408,972
Depreciation	-	-	493,474	493,474
EMS expenses	249,422	249,422	-	249,422
Maintenance	773,790	773,790	(594,005)	179,785
Firefighting supplies and programs	172,887	172,887	-	172,887
Debt service	649,714	649,714	(497,685)	152,029
Professional fees	131,514	131,514	-	131,514
Insurance	110,203	110,203	-	110,203
Office supplies	107,811	107,811	-	107,811
Utilities and telephone	99,974	99,974	-	99,974
Training expense	67,478	67,478	-	67,478
Fuel	48,831	48,831	-	48,831
	<u>6,486,589</u>	<u>6,486,589</u>	<u>735,791</u>	<u>7,222,380</u>
Revenues in excess of expenditures	1,045,718	1,045,718		
Change in net position				309,927
Net position at beginning of year	<u>2,317,775</u>	<u>2,317,775</u>		<u>5,804,554</u>
Net position at end of year	<u>\$ 3,363,493</u>	<u>\$ 3,363,493</u>	<u>\$</u>	<u>\$ 6,114,481</u>

Hays County Emergency Services District #8

Notes to Financial Statements

1. Summary of Significant Account Policies

The Reporting Entity

Rural Fire Prevention Districts may be organized in the State of Texas under the provisions of Article III, Section 48-d of the State Constitution. The Northeast Hays County Rural Fire Prevention District was confirmed by election in July 1984 and effectively began operations on July 1, 1985. In July 2003 the organization was converted to Hays County Emergency Services District #8 (the "District"). The District was established to arrange for fire protection services within its boundaries.

The accounting policies of the Hays County Emergency Services District #8 conform to generally accepted accounting principles in the United States of America applicable to state and local governments. The District is included in the basic financial statements of Hays County as a component unit as set forth in Governmental Accounting Standards Board ("GASB") 14, The Financial Reporting Entity".

Additionally, no other entity meets these requirements for inclusion in Hays County ESD #8 financial statements.

Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Government-Wide and Fund Financial Statements

The District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements to be prepared on the modified accrual basis of accounting is met with the "General Fund" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's activities. The District services are supported primarily by property tax and sales tax revenues. The Statement of Activities demonstrates how the District used its revenues.

Hays County Emergency Services District #8

Notes to Financial Statements

1. Summary of Significant Account Policies (continued)

Measurement 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenses generally are recorded when a liability is incurred.

The District has only one governmental fund, the general fund. The general fund is the operating fund of the District.

Interest and taxes associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

Cash and Cash Equivalents

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and so near maturity that there is no significant risk of changes in value due to changes in interest rates. Cash equivalents include investments with original maturities of three months or less. Cash equivalents are stated at cost which approximates market value.

Fund Balance

Fund balance for governmental funds are classified as non-spendable, restricted, committed and assigned or unassigned in the fund financial statements.

- Non-spendable fund balance includes amounts not available to be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- Restricted fund balances include those resources that have constraints placed on their use through external parties or by law through constitutional provisions.

Hays County Emergency Services District #8

Notes to Financial Statements

1. Summary of Significant Account Policies (continued)

Fund Balance

- Committed fund balances are established and modified by approval of the District Commissioners and can be used only for the specific purposes determined by the District's Commissioners.
- Assigned fund balance is intended to be used by the District for specific purposes but does not meet criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation is calculated on a straight-line basis. Estimated lives are as follows: building 40 years, vehicles 7 years, and donated items 5 years.

Deferred Revenue

The District reported unearned deferred revenue in the Statement of Net Assets. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In general, monies received within thirty-one days after year-end are considerable to have been for prior year services.

Hays County Emergency Services District #8

Notes to Financial Statements

2. Deposits and Investments

At September 30, 2018, the District had \$3,447,607 invested in cash and cash equivalents.

Custodial Credit Risk - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of September 30, 2018, \$309,677 of the District's total deposit balance was covered by federal depository insurance. The remaining balance of the deposits was invested in TexPool.

Interest Rate Risk - The District does have a formal investment policy in place. The District's cash and cash equivalents are currently invested in short-term instruments such as an interest-bearing checking account.

Investments

The Board of Directors has authorized the District under a written investment policy to invest funds in compliance with V.A.T.C.S. Government Code, Title 10, Chapter 2256 (the Public Funds Investment Act of 1993). Investment vehicles authorized by Chapter 2256 include, but are not limited to, certificates of deposit, obligations backed by the U.S. and state governments, and public fund investment pools. Investments are reported at fair value based on quoted market prices.

All investments at year end were held in the Texas Local Government Investment Pool (TexPool). The State Comptroller oversees TexPool, with Texas Treasury Safekeeping Trust Company managing the daily operations of the pool under a contract with the State Comptroller. TexPool is a 2(a)7 like fund, which means that it is constructed similar to a money market mutual fund. It allows shareholders the ability to deposit or withdraw funds on a daily basis. Such funds seek to maintain a constant net asset value of \$1.00 although this cannot be fully guaranteed. TexPool is rated AAAM (the highest rating a local government investment pool can achieve) and must maintain a dollar weighted average maturity not to exceed 60 days which is the limit. At September 30, 2018, TexPool portfolio had weighted average maturity of 30 days. However, the District considers the holdings in these funds to have a one day weighted average maturity because the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value. As of September 30, 2018, the District had \$3,137,930 invested in TexPool.

3. Property Taxes

The District has the authority to levy a tax to a maximum of \$.10 per \$100 of value. Property taxes are levied each October 1 on the assessed valuation of all taxable property in the District. The tax rate for the October 1, 2017 levy was \$.10 per \$100 of value. Taxes are due on receipt of the bill and are delinquent if not paid before February 1 of the year following the levy. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Taxes are billed and collected by the Hays County Tax Assessors-Collector.

Hays County Emergency Services District #8

Notes to Financial Statements

4. Capital Assets

The following is a summary of changes in capital assets for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements and Reclassifications</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ <u>735,730</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>735,730</u>
Capital assets, being depreciated:				
Buildings	4,523,726	-	-	4,523,726
Trucks and equipment	3,175,392	2,431,857	(82,711)	5,524,538
Less accumulated depreciation	<u>(2,219,081)</u>	<u>(493,474)</u>	<u>82,711</u>	<u>(2,629,844)</u>
Total capital assets being depreciated, net	<u>5,480,037</u>	<u>1,938,383</u>	<u>-</u>	<u>7,418,420</u>
Capital assets, net	\$ <u><u>6,215,767</u></u>	\$ <u><u>1,938,383</u></u>	\$ <u><u>-</u></u>	\$ <u><u>8,154,150</u></u>

Hays County Emergency Services District #8

Notes to Financial Statements

5. Long-Term Debt

Bank	Description	Maturity Date	Interest Rate	Balance 9/30/2015	Additions	Retirements	Balance 9/30/2016
Government Capital	Station 2	3/1/2029	5.683%	\$ 1,443,131	\$ -	\$ 87,166	\$ 1,355,965
Marquette	Station 3	1/10/2027	3.696%	1,064,969	-	89,961	975,008
Southside Bank	Training Tower	1/15/2028	2.975%	320,558		320,558	-
Government Capital	New Engines	10/13/2024	2.250%	-	1,700,000	-	1,700,000
				<u>\$ 2,828,658</u>	<u>\$ 1,700,000</u>	<u>\$ 497,685</u>	4,030,973
				Less current maturities			<u>(412,352)</u>
							<u>\$ 3,618,621</u>

Annual debt service required for the notes payable are as follows:

Future Payments	Principal
2019	\$ 412,352
2020	426,142
2021	440,471
2022	455,365
2023	467,003
2024-2028	1,669,929
2029-2033	<u>159,711</u>
	<u>\$ 4,030,973</u>

Hays County Emergency Services District #8

Notes to Financial Statements

6. Retirement Plan

The District has an elective deferred compensation plan. The District's contribution for the year ended September 30, 2018 was \$1,756,004.

7. Risk Management

The District is exposed to various risks of loss including general liability, property damage, and worker's compensation. The District insures against risk through participation in the VFIS , an insurer of emergency organizations.

The District pays premiums to the risk pool for its general liability, property, auto, and workers' compensation coverage. The District's risk is limited to the amount of premiums paid unless the pool should fall, in which case, the District would be liable for its ratable share of the pool deficit.

8. Reconciliation of Government Wide and Fund Financial Statements

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds total fund balance	\$ 3,363,493
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,154,150
Pension liability	(1,421,899)
Deferred tax revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds.	49,710
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	-
Long-term debt	<u>(4,030,973)</u>
Total net position	<u>\$ 6,114,481</u>

Hays County Emergency Services District #8

Notes to Financial Statements

8. Reconciliation of Government Wide and Fund Financial Statements (continued)

Amounts reported for governmental activities in the statement of activities are different because:

Revenues in excess of expenditures	\$ 1,045,718
Pension plan expense	(1,334,007)
Current year capital outlays	594,005
Depreciation expense	(493,474)
Repayment of long-term debt	<u>497,685</u>
Change in net position	\$ <u><u>309,927</u></u>

Hays County Emergency Services District #8

Budgetary Comparison Schedule - General Fund

For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Property tax revenue	\$ 3,412,982	\$ 3,412,982	\$ 3,482,382	\$ 69,400
Sales tax revenue	1,600,000	1,600,000	1,974,908	374,908
Operations revenue	-	-	42,913	42,913
EMS revenue	1,758,340	1,758,340	1,706,121	(52,219)
Grant revenue	7,000	7,000	7,525	525
Other income	72,070	72,070	254,551	182,481
Permit fees	20,000	20,000	60,362	40,362
Training revenue	1,500	1,500	3,545	2,045
	<u>6,871,892</u>	<u>6,871,892</u>	<u>7,532,307</u>	<u>660,415</u>
Expenditures:				
Payroll and related costs	4,564,130	4,564,130	4,074,965	489,165
Debt service	649,714	649,714	649,714	-
Maintenance	815,750	815,750	773,790	41,960
Insurance	-	-	110,203	(110,203)
Firefighting supplies and programs	131,500	131,500	172,887	(41,387)
EMS expenses	328,650	328,650	249,422	79,228
Utilities and telephone	87,000	87,000	99,974	(12,974)
Office supplies	-	-	107,811	(107,811)
Fuel	41,700	41,700	48,831	(7,131)
Professional fees	-	-	131,514	(131,514)
Training expense	39,500	39,500	67,478	(27,978)
Total expenditures/expenses	<u>6,657,944</u>	<u>6,657,944</u>	<u>6,486,589</u>	<u>171,355</u>
Expenditures in excess of revenues	213,948	213,948	1,045,718	831,770
Fund balance at beginning of year	<u>2,317,775</u>	<u>2,317,775</u>	<u>2,317,775</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,531,723</u>	<u>\$ 2,531,723</u>	<u>\$ 3,363,493</u>	<u>\$ 831,770</u>

Notes to the financial statements are integral to this statement.