

BLYTHEVILLE WATER UTILITY  
(A COMPONENT UNIT OF  
THE CITY OF BLYTHEVILLE, AR)

FINANCIAL STATEMENTS (AUDITED)  
DECEMBER 31, 2024

MEYER & WARD, P.A.  
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P.O. BOX 1045  
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# BLYTHEVILLE WATER UTILITY

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**Meyer & Ward, P.A.**  
**Certified Public Accountants**  
**P.O. Box 1045**  
**Wynne, AR 72396**

**INDEPENDENT AUDITOR'S REPORT**

Mayor and City Council  
Blytheville Water Utility  
Blytheville, AR 72315

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the business-type activities of Blytheville Water Utility as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise of the Utility's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Blytheville Water Utility as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Blytheville Water Utility and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As discussed in Note A, the accompanying financial statements of Blytheville Water Utility are intended to present the financial position, and the changes in financial position and the cash flows of the City that are attributable to the transactions of Blytheville Water Utility. They do not purport to, and do not, present fairly the financial position of the City of Blytheville, Arkansas, as of December 31, 2024, the changes in its financial position or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Blytheville Water Utility's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Blytheville Water Utility's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Management has omitted the required management discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting and 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 16 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2025, on our consideration of the Blytheville Water Utility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Blytheville Water Utility's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blytheville Water Utility's internal control over financial reporting and compliance.

Meyer & Ward

Meyer & Ward, P.A.  
Certified Public Accountants  
Wynne, Arkansas 72396  
May 16, 2025

BLYTHEVILLE WATER UTILITY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024

**ASSETS**

CURRENT ASSETS

Cash and cash equivalents	\$ 750,086
Accounts receivable	210,974
Prepaid Expenses	<u>11,322</u>
Total Current Assets	<u>972,382</u>

RESTRICTED ASSETS

Cash in bank	382,271
Investments - US Securities	<u>562,289</u>
Total Restricted Assets	<u>944,560</u>

CAPITAL ASSETS, NET

Land	192,863
Buildings	307,445
Equipment	4,131,657
Plant, Lines and Meters	<u>18,070,214</u>
Total Property, Plant and Equipment	22,702,179
Less Accumulated Depreciation	<u>(13,482,696)</u>
Capital Assets, Net	<u>9,219,483</u>

TOTAL ASSETS	<u>\$ 11,136,425</u>
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The accompanying notes are an integral part of the financial statements.

BLYTHEVILLE WATER UTILITY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024

<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 35,051
Sales Tax Payable	18,164
Due to City of Blytheville	340,459
Due to City of Blytheville Infrastructure	<u>175,000</u>
Total Current Liabilities	<u>568,674</u>
Liabilities Payable from Restricted Assets	
Current portion of long-term debt	290,000
Customer Deposits	392,125
Accrued Interest	<u>55,440</u>
Total Payable from Restricted Assets	<u>737,565</u>
Long Term Debt, Net of Current Portion	<u>3,495,000</u>
Net Position	
Invested in Capital Assets, Net of related debt	5,434,483
Restricted for Debt Service	562,289
Unrestricted	<u>338,414</u>
Total Net Position	<u>6,335,186</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 11,136,425</u>

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

**BLYTHEVILLE WATER UTILITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2024**

OPERATING REVENUES	
Water Sales and Service Fees	\$ 3,386,511
Other Revenue	<u>5,889</u>
Total Operating Revenue	<u>3,392,400</u>
OPERATING EXPENSES:	
Salaries and Fringe Benefits	1,082,910
Chemicals	174,335
Communications	41,918
Depreciation	670,933
Dues and Subscriptions	15,717
Equipment Rental	7,518
Fuel	34,330
Insurance	68,132
Miscellaneous	16,558
Office Supplies	4,886
Permits and Fees	66,437
Postage	30,349
Printing	6,560
Professional Fees	8,500
Repairs	583,804
Supplies	22,418
Travel	1,533
Uniforms	14,542
Utilities	<u>250,766</u>
Total Operating Expenses	<u>3,102,146</u>
OPERATING INCOME (LOSS)	<u>\$ 290,254</u>

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

BLYTHEVILLE WATER UTILITY  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN NET POSITIONS  
 FOR THE YEAR ENDED  
 DECEMBER 31, 2024

NONOPERATING REVENUES (EXPENSES)	
Proceeds from Insurance	
Interest income	21,211
Trustee Fees	(1,146)
Interest expense	<u>(136,463)</u>
Nonoperating revenues (expenses)	<u>(116,398)</u>
INCREASE (DECREASE) IN NET POSITION	173,856
Net Position at beginning of year	<u>6,161,330</u>
Net Position at end of year	<u><u>\$ 6,335,186</u></u>

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

BLYTHEVILLE WATER UTILITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED  
DECEMBER 31, 2024

Cash Flows From Operating Activities:	
Receipts from customers	\$ 3,314,361
Payments to suppliers	(1,326,454)
Payments to employees	(1,082,910)
Net cash provided by operating activities	<u>904,997</u>
Cash flows from capital and related financing activities	
Principal reduction on Long Term Debt	(285,000)
(Increase) decrease in restricted assets	(103,640)
Purchase of property and equipment	(123,501)
Net cash provided (used) by capital and related activities	<u>(512,141)</u>
Cash flows from investing activities	
Interest Income	21,211
Insurance Proceeds	
Trustee Fees	(1,146)
Interest Paid on Capital Debt	(136,619)
Net cash provided (used) by investing activities	<u>(116,554)</u>
Increase (decrease) in cash and cash equivalents	276,302
Cash and cash equivalents, beginning of year	473,784
Cash and cash equivalents, end of year	<u>\$ 750,086</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 290,254
Depreciation	670,933
(Increase) Decrease in:	
Accounts receivable	(53,506)
Due from Sewer	
Prepaid Expenses	(1,210)
Increase (Decrease) in :	
Accounts Payable	3,537
Sales Tax Payable	2,006
Due to City of Blytheville	17,516
Customer Meter Deposits	(24,533)
	<u>\$ 904,997</u>

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

BLYTHEVILLE WATER UTILITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Blytheville Water Utility (the Utility) is a component unit of the City of Blytheville, AR. The financial statements present only the Blytheville Water Utility, and do not include any other funds of the City of Blytheville, AR, and are not intended to be government wide financial statements for the City of Blytheville, AR.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. The accompanying financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

ACCOUNTS RECEIVABLE

Accounts Receivable are presented at estimated net realizable value. Revenues are reported net of all discounts and allowances, including bad debts.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. Expenditures for major renewals and betterments are capitalized while minor replacements, maintenance, and repairs, which do not improve or extend the life of such assets, are charged to operations as incurred. Depreciation is provided by the straight- line method over the estimated useful lives of the assets. Estimated useful lives range are 5 – 10 years for office furniture and equipment to 40 years for Water system .

CASH AND CASH EQUIVALENTS

The Blytheville Water Utility considers all cash, and certificates of deposits purchased with a maturity of three months or less to be cash equivalents. Deposits restricted pursuant to loan agreements or for other purposes are not considered cash equivalents.

ESTIMATES

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

BLYTHEVILLE WATER UTILITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

CREDIT RISK

Financial instruments which potentially subject the Utility to concentrations of credit risk consist principally of temporary cash investments. The Utility places its temporary cash investments with financial institutions, and its policy is to limit the amount of credit exposure to any one financial institution. The Utility's policy is to limit such investments to amounts covered by FDIC coverage, and securities pledged to collateralize deposits.

ADVERTISING

Advertising costs are expensed when incurred.

NET POSITION

Net Position is divided into three components:

- Investments in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted – amounts that are restricted by the Utility's creditors, (for example, debt covenants), by laws and regulations of other governments, or by other contributors.
- Unrestricted – all other net position is reported in this category.

OPERATING REVENUES AND EXPENSES

Operating revenues and expenses of the Utility consist of charges for services, and the costs of providing those services, excluding interest costs.

RESTRICTED RESOURCES

When an expense is incurred that could be paid by using either restricted or unrestricted resources, the Utility's policy is to first apply the expenditure toward restricted resources.

BLYTHEVILLE WATER UTILITY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2024

NOTE B – Restricted Assets

City ordinances mandate certain cash funds be set aside for debt retirement, and emergency (depreciation) reserves. Restricted accounts are also established to cover the Utility’s liability for customer deposits. At December 31, 2024 restricted funds were as follows:

	Cash	U.S Treasury Notes
Water - Meter Deposits - Cash	\$ 267,278	
Water - Depreciation Fund - Cash	114,993	
Water Debt Service Reserve		\$ 562,289
	\$ 382,271	\$ 562,289

NOTE C – CONTINGENCIES

Blytheville Water Utility is subject to governmental regulations regarding water quality and waste disposal. Fines may result from noncompliance.

NOTE D – CONCENTRATION OF CREDIT RISKS:

The entity’s policy is for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation Insurance. The entity’s deposits are categorized to give an indication of the level of risk assumed by the entity at December 31, 2024. The categories of risk are described as follows:

Category 1 - Insured or collateralized by the entity or by the entity of its agent in the entity’s name.

Category 2 – Collateralized with securities held by the pledging financial institutions trust department or by its agent in the entity’s name.

Category 3 - Uncollateralized

BLYTHEVILLE WATER UTILITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE D – CONCENTRATION OF CREDIT RISKS: - (cont'd)

At December 31, 2024, Deposits are categorized as follows:

	Carrying amount	Category		
		1	2	3
Deposits with Financial Institutions	\$ 1,132,357	\$ 251,250	\$ 881,107	

Sales – All of the Blytheville Water revenues are earned from water services provided to local area residents.

NOTE E – PROPERTY AND EQUIPMENT

A Summary of activity for property plant and equipment accounts is as follows:

	Beginning Balance 12/31/2023	Additions	Reductions	Ending Balance 12/31/2024
Assets not subject to depreciation:				
Land	\$ 192,863			\$ 192,863
Assets subject to depreciation				
Equipment	3,246,716	12,917		3,259,633
Office Building	297,838	9,607		307,445
Office Equipment	255,999	37,500		293,499
Meters and Lines	13,210,165			13,210,165
Transportation	560,024	18,500		578,524
Water Treatment Plant	4,815,073	44,977		4,860,050
	<u>22,385,815</u>	<u>123,501</u>	<u>-</u>	<u>22,509,316</u>
Total	22,578,678	123,501	-	22,702,179
Less Accumulated Depreciation	(12,811,763)	(670,933)	-	(13,482,696)
Net Property and Equipment	<u>\$ 9,766,915</u>	<u>\$ (547,432)</u>	<u>\$ -</u>	<u>\$ 9,219,483</u>

BLYTHEVILLE WATER UTILITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE F – LONG TERM DEBT:

Long-Term debt includes special obligation bonds payable from revenues generated by operation of the water system. These bonds are to be retired through the year 2035, with interest ranging from 2.0% to 3.7%. The following is a summary of debt service requirements as of December 31, 2024:

For years ending December 31,	Principal	Interest	Total
2025	290,000	128,706	418,706
2026	300,000	119,856	419,856
2027	310,000	110,706	420,706
2028	315,000	100,347	415,347
2029	330,000	88,656	418,656
For five years ending			
2034	1,835,000	251,013	2,086,013
2039	405,000	7,594	412,594
	<u>\$ 3,785,000</u>	<u>\$ 806,878</u>	<u>\$ 4,591,878</u>

A summary of notes payable activity is as follows:

Balance <u>12/31/2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2024</u>
<u>\$ 4,070,000</u>		<u>\$ 285,000</u>	<u>\$ 3,785,000</u>

NOTE G – RETIREMENT PLAN:

All Water Utility employees are covered under the City of Blytheville Pension Plan. All full time employees 21 or older are eligible to participate after one year's service. The Water Utility contributes 6% of each participating employee's covered payroll. Contributions are fully vested after 5 years of service. Total employer contributions for 2024 was \$29,638.

NOTE H – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report. No events were noted which would require disclosure.

MEYER & WARD, P.A.  
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P.O. BOX 1045  
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor and City Council  
Blytheville Water Utility  
Blytheville, AR 72432

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Blytheville Water Utility as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Blytheville Water Utility's basic financial statements and have issued our report thereon dated May 16, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Blytheville Water Utility's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Blytheville Water Utility's internal control. Accordingly, we do not express an opinion on the effectiveness of Blytheville Water Utility's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Utility's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Blytheville Water Utility's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Utility's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Meyer & Ward

Meyer & Ward, P.A.  
Certified Public Accountants  
Wynne, Arkansas 72396

May 16, 2025

**BLYTHEVILLE WATER UTILITY  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
<b>OPERATING REVENUES</b>			
Water Sales and Service Fees	\$ 3,386,511	\$ 3,650,000	\$ (263,489)
Other Revenue	5,889		5,889
Total Operating Revenue	<u>3,392,400</u>	<u>3,650,000</u>	<u>(257,600)</u>
<b>OPERATING EXPENSES:</b>			
Salaries and Wages	1,082,910	1,022,772	(60,138)
Bond Payments		430,000	430,000
Chemicals	174,335	160,000	(14,335)
Communications	41,918	40,000	(1,918)
Depreciation	670,933		(670,933)
Dues and Subscriptions	15,717	13,000	(2,717)
Equipment Rental	7,518	10,000	2,482
Non Capitalized Equipment	-	230,000	230,000
Fuel	34,330	35,000	670
Insurance	68,132	142,814	74,682
Miscellaneous	16,558	25,500	8,942
Office Supplies	4,886	8,000	3,114
Permits and Fees	66,437	35,000	(31,437)
Postage	30,349	33,000	2,651
Printing	6,560	10,000	3,440
Professional fees	8,500	12,000	3,500
Repairs	583,804	708,000	124,196
Sales Tax		195,000	195,000
Supplies	22,418	15,000	(7,418)
Travel	1,533	3,000	1,467
Uniforms	14,542	11,000	(3,542)
Utilities	250,766	270,000	19,234
Total Operating Expenses	<u>3,102,146</u>	<u>3,409,086</u>	<u>306,940</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 290,254</u>	<u>\$ 240,914</u>	<u>\$ 49,340</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Proceeds from Insurance	-		-
Interest income	21,211		21,211
Trustee Fees	(1,146)		(1,146)
Interest expense	(136,463)		(136,463)
Nonoperating revenues (expenses)	<u>(116,398)</u>	<u>-</u>	<u>(116,398)</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>\$ 173,856</u>	<u>\$ 240,914</u>	<u>\$ (67,058)</u>