

The seal of the Missouri State Auditor is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom. The background of the entire page is a faded image of the Missouri State Capitol building.

Nicole Galloway, CPA

Missouri State Auditor

City of Polo

Report No. 2022-106

November 2022

auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the City of Polo

Property Transfer	The Board of Aldermen approved the transfer of city property to an individual without properly evaluating the transaction, including not seeking a legal opinion regarding the transfer or obtaining an appraisal of the property.
Accounting Controls and Procedures	The Board has not adequately segregated accounting duties or ensured a documented supervisory or independent review over various financial accounting functions is performed. The city's procedures for receipting money need improvement, and the Board's review and approval process for disbursements is not adequate. The City Clerk does not prepare a monthly list of liabilities for water meter deposits held on behalf of utility customers to compare to the balance of the water meter account.
Utility System Controls and Procedures	Controls over non-monetary adjustments posted to customer utility accounts need improvement. City personnel do not perform monthly reconciliations of utility records.
Sunshine Law	The Board did not always comply with the Sunshine Law requirements for closed meetings and has not adopted a written policy regarding public access to city records as required by state law. The city does not maintain a log of records requests.
Compensation Ordinances and Payroll Procedures	The city does not have ordinances establishing the compensation of city officials, other than for the Mayor and Board of Aldermen, or the city's part-time employees. Employees are not required to sign timesheets and timesheets are not reviewed and approved by supervisors.
Electronic Data Security	The city has not established adequate user identification and password controls for access to city computers and data and does not store data backup files at an off-site location.
Electronic Communication Policy	The city has not developed a records management and retention policy in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.

In the areas audited, the overall performance of this entity was **Good**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

City of Polo

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NICOLE GALLOWAY, CPA

Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Polo, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Polo. We have audited certain operations of the city in fulfillment of our duties. The city engaged Kenney D. Hales, Certified Public Accountant (CPA), PC, to audit the city's financial statements for the year ended December 31, 2021. To minimize duplication of effort, we reviewed the report of the CPA firm. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2021. The objectives of our audit were to:

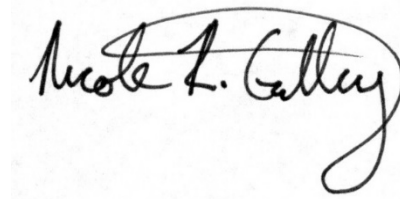
1. Evaluate the city's internal controls over significant management and financial functions.
2. Evaluate the city's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the city; and performing sample testing using judgmental selection, as appropriate. The results of our sample testing cannot be projected to the entire populations from which the test items were selected. We obtained an understanding of internal control that is significant to the audit objectives and planned and performed procedures to assess internal control to the extent necessary to address our audit objectives. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in our audit of the city.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Polo.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the word "Galloway".

Nicole R. Galloway, CPA
State Auditor

City of Polo

Management Advisory Report

State Auditor's Findings

1. Property Transfer

The Board of Aldermen approved the transfer of city property to an individual without properly evaluating the transaction, including not seeking a legal opinion regarding the transfer or obtaining an appraisal of the property. In a December 2018 meeting, the Board approved a motion to transfer city-owned property to an individual who owned an adjacent property. This individual, who offered to purchase the property, indicated he thought the property, which included a road and an alley, was part of the property he purchased 20 years prior. A motion was made and approved to allow the individual "to have the property that is in question since he has maintained it for 20 years." The minutes do not make clear what property the Board was approving to convey.

The city provided a quit claim deed to the property owner in January 2019, in exchange for \$1, but the deed was not evaluated by the Board for accuracy or reviewed by an attorney for the city to ensure the legal description of the property in question was correct and represented what the Board intended to convey. As such, the parcel of land that transferred ownership was not what the city intended to transfer. In addition, the city did not obtain an appraisal of the property, which also may have clarified the piece of property being transferred. After questions were raised regarding the transfer of this property, the city hired a law firm to provide legal advice. At the time of this report, no formal action has been taken by either party.

Properly evaluating the purchase, sale, or transfer of property helps ensure the transaction is reasonable, properly documented, and in the best interests of the city. Good business practice requires real estate transactions be formally and independently appraised to ensure a reasonable price is paid.

Recommendation

The Board of Aldermen ensure all future transactions involving the purchase, sale, or transfer of city property are properly evaluated before being finalized and appraisals are obtained prior to the purchase or sale of real estate.

Auditee's Response

The city has retained an attorney to help with any future issues that may arise and will properly evaluate any future real estate transactions, including having legal counsel ensure the city is abiding by all laws and regulations and obtaining an appraisal if necessary.

2. Accounting Controls and Procedures

Accounting controls and procedures need improvement. Bank records indicate the city received approximately \$550,000 in tax, utility, and other receipts during the year ended December 31, 2021.

2.1 Segregation and oversight

The Board has not adequately segregated accounting duties or ensured a documented supervisory or independent review over various financial accounting functions is performed.



City of Polo
Management Advisory Report - State Auditor's Findings

The City Clerk is responsible for most financial duties of the city including receipting money, preparing deposits, posting transactions to the accounting system, preparing invoices for payment, making disbursements, preparing monthly bank reconciliations, transferring money between bank accounts, and preparing financial reports for Board meetings. The City Clerk is also responsible for preparing and adjusting utility bills, monitoring accounts receivable, and preparing payroll. The City Clerk indicated she was the only employee in City Hall until May 2022 and the Board had not established procedures to review her work.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are needed.

2.2 Receipting

The city's procedures for receipting money need improvement.

- The City Clerk does not issue prenumbered receipt slips for all money received. Instead, she only issues receipt slips upon request. The City Clerk indicated she had not considered the need for the city to have a sequential record of each payment received.
- The City Clerk does not restrictively endorse checks and money orders upon receipt and only endorses them when deposits are prepared. None of the 15 checks on hand during our June 7, 2022, cash count were endorsed. The City Clerk indicated she was trained to endorse checks and money orders when preparing deposits and had not considered the need to endorse them when received.

Failure to implement adequate receipting, recording, and depositing procedures increases the risk that loss, theft, or misuse of money will occur and increases the likelihood that errors will go undetected.

2.3 Disbursements

The Board's review and approval process for disbursements is not adequate. The City Clerk prepares checks for payment of invoices and presents a list of disbursements to the Board at each meeting. Although meeting minutes may document discussion of specific purchases and a vote of the Board to approve all bills, the Board generally does not review invoices or any other documentation supporting the disbursements. In addition, the Board does not sign the disbursement lists to document approval and does not reconcile disbursement lists to payments issued. Board members indicated they believed documenting the approval in the minutes was sufficient.

A detailed list of disbursements, signed or initialed by Board members to denote their approval, and retained with official minutes, helps ensure adequate documentation of disbursements. Failure to properly review all



City of Polo
Management Advisory Report - State Auditor's Findings

invoices and supporting documentation and document authorizations increases the possibility of inappropriate disbursements.

2.4 Liabilities

The City Clerk does not prepare a monthly list of liabilities for water meter deposits held on behalf of utility customers, and consequently, liabilities are not compared to the balance of the water meter account. Water meter deposits are recorded in a manual ledger maintained in city hall. The City Clerk indicated she has never totaled the ledger and was unaware of the need to compare the total from the ledger to the account balance. Based on the amounts shown as being held in the ledger as of December 31, 2021, the water deposit liability totaled \$35,750, although the balance of the account was \$36,917, resulting in an unidentified balance (overage) of \$1,167. At least some of this difference is due to accumulated interest maintained in the account.

Regular identification and comparison of liabilities to the reconciled bank balance is necessary to ensure accounting records are in balance, money is available to satisfy all liabilities, and any differences are adequately investigated and resolved. Various statutory provisions provide for the disposition of unidentified money.

Recommendations

The Board of Aldermen:

- 2.1 Segregate the accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.
- 2.2 Ensure prenumbered receipt slips are issued for all money received. In addition, ensure checks and money orders are restrictively endorsed upon receipt.
- 2.3 Review and document approval of all disbursement lists and retain with Board minutes. In addition, ensure an independent review of supporting documentation is performed before payment is made and reconcile approved disbursements to payments issued.
- 2.4 Ensure monthly lists of liabilities are prepared and reconciled timely to the bank account. Any differences between accounting records and reconciliations should be promptly investigated and resolved. In addition, any unidentified money should be disbursed in accordance with state law.

Auditee's Response

- 2.1 *Duties have now been segregated to the extent possible. The City Clerk handles bank reconciliations and payroll, while the Assistant City Clerk handles account payables and utility payments. In addition to these employees reviewing each other's work, the Board*



City of Polo
Management Advisory Report - State Auditor's Findings

will periodically come in to perform random checks to ensure proper oversight of accounting functions.

- 2.2 *We are now issuing prenumbered receipt slips for all payments received and all checks and money orders are endorsed upon receipt.*
- 2.3 *The Board of Aldermen and Mayor have been provided disbursement lists of all payments in the past, but the Board will ensure its review and approval of the listing, as well as supporting documentation for disbursements, is documented in the future. In addition, the disbursement lists will be retained with the meeting minutes in the future.*
- 2.4 *Lists and liabilities will be reconciled to the bank account at the beginning of every month when statements are received and bank reconciliations are performed. The Board will attempt to identify and resolve the cause of the difference.*

3. Utility System Controls and Procedures

Utility system controls and procedures need improvement. According to the city's accounting records, the city collected approximately \$273,000 for water, sewer, and trash services and utility deposits during the year ended December 31, 2021.

3.1 Non-monetary adjustments

Controls over non-monetary adjustments posted to customer utility accounts need improvement. Non-monetary adjustments are any transactions for which no money is received; however, the amount due in the accounting system is changed. The City Clerk posts non-monetary adjustments in the utility system to adjust usage for inaccurate meter readings or reduce a balance due to water leaks without any review or approval by an independent person. The City Clerk also collects money and posts receipts to the accounting system.

In addition, the City Clerk does not create a listing of all adjustments posted to the system to compare to known adjustments. As a result, there is an increased risk of theft and misuse occurring without being detected. The City Clerk indicated that often adjustments were discussed with the Mayor, but no documentation was retained. She indicated she was unaware of the need to retain documentation of approved adjustments to allow for a comparison to adjustments actually made in the system.

Approving all non-monetary adjustments prior to their posting in the computer system and later comparing a list of the completed adjustments to the list of approved adjustments, by an independent person, is necessary to ensure adjustments made are proper.

3.2 Utility reconciliations

City personnel do not perform monthly reconciliations of utility records.



City of Polo
Management Advisory Report - State Auditor's Findings

- The City Clerk does not perform monthly reconciliations of total billings, payments received, and amounts remaining unpaid for utility services. The City Clerk indicated she was unaware of a specific report in the system designed to perform this reconciliation or the need to do it.
- City personnel do not perform monthly reconciliations of total gallons of water billed to gallons of water purchased. The City Clerk indicated this reconciliation had been performed in the past, either by herself or the water department personnel, but it has not been completed in recent years. She believes this reconciliation process stopped occurring when various personnel left employment.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected timely. A periodic review by the board of a listing of all delinquent amounts will help ensure adequate follow-up procedures are performed. Monthly reconciliations of gallons of water billed to gallons of water pumped are necessary to help detect significant water loss or other problems and ensure all water usage is properly billed.

Recommendations

The Board of Aldermen:

- 3.1 Ensure all utility account adjustments are properly approved and compared to actual changes posted to the computer system, and documentation of the adjustments is retained.
- 3.2 Ensure monthly reconciliations are performed of amounts billed to amounts collected and delinquent accounts, and of gallons of water billed to gallons pumped, and investigate significant differences.

Auditee's Response

- 3.1 *A list of adjustments is now given at the board meeting for approval. Documentation of the resident's account history will be attached to ensure that the adjustment was given, for how much, and reason why. The Board will ensure all adjustments made are correct and were properly approved.*
- 3.2 *The Board will ensure these reconciliations are performed monthly in the future. The water loss reconciliation was done in the past, and we will ensure it is done moving forward.*

4. Sunshine Law

The Board did not always ensure compliance with the Sunshine Law.

4.1 Closed meetings

The Board did not always comply with the Sunshine Law requirements for closed meetings.



City of Polo
Management Advisory Report - State Auditor's Findings

Reasons for closed meetings Open meeting minutes did not document the specific reasons or section of law allowing the meeting to be closed for any of the 6 closed meetings held between January 1, 2020, and July 31, 2022. The City Clerk indicated that she was not aware this needed to be listed in the open minutes.

Section 610.022, RSMo, requires public bodies announce the specific reasons allowed by law for going into a closed meeting and to enter the vote and reason into the minutes.

Allowable topics

Some topics discussed in closed meetings were not allowable under the Sunshine Law. For example, the Board opened and awarded a bid for mowing the city park in a closed meeting. The City Clerk indicated the Board believed that this reason was covered under Section 610.021, RSMo.

Section 610.021, RSMo, provides that the discussion topics and actions in closed meetings should be limited to only those specifically allowed by law.

4.2 Public access policy

The Board has not adopted a written policy regarding public access to city records as required by state law. A written policy regarding public access to city records would establish guidelines for the city to make records available to the public. Such policies typically identify a person to contact, provide an address to mail such requests, and establish fees that may be assessed for providing copies of public records. Board members indicated they were unaware a written policy was required.

Section 610.023, RSMo, lists requirements for making records available to the public. Section 610.026, RSMo, allows the city to charge fees for providing access to and/or copies of public records and provides requirements related to fees. Section 610.028, RSMo, requires a written policy regarding release of information under the Sunshine Law.

4.3 Records requests

The city does not maintain a log of records requests and could not produce a record of dates requests were made, when records were provided, or communications related to these requests. The City Clerk indicated that requests are infrequent and she typically responds to requests within a few days.

Section 610.023, RSMo, provides that each request for access to public records shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received by the custodian of records. To ensure compliance with this law, a log tracking key information supporting the fulfillment process for the request is important. Such information includes, but is not limited to, the date of request, a brief description of the request, the date the request is completed or reason why the request cannot be completed, and any associated costs of filling the request.



Recommendations

The Board of Aldermen:

- 4.1 Ensure specific reasons for closing a meeting are documented in the open minutes, and only topics allowed by state law are discussed in closed meetings.
- 4.2 Develop a written public access policy for city records.
- 4.3 Maintain a public request log or other documentation to help ensure compliance with state law.

Auditee's Response

- 4.1 *We are now documenting specific reasons for closing meetings in open session minutes. The Board will also ensure that only topics that are allowed by law are discussed in closed sessions.*
- 4.2 *The City Clerk had a document in place for the public to access city records, but it had not been adopted by the Board. We are currently in the process of drafting a policy for Board approval.*
- 4.3 *The City Clerk has made a request log for all record requests, which contains the date, time, person requesting, and date completed.*

5. Compensation Ordinances and Payroll Procedures

City compensation ordinances and payroll procedures need improvement.

5.1 Compensation ordinances The city does not have ordinances establishing the compensation of city officials, other than for the Mayor and Board of Aldermen, or the city's part-time employees. City officials were unaware of the need for additional salary ordinances.

Ordinances documenting approved salary amounts help ensure equitable treatment and prevent any misunderstandings. Section 79.270, RSMo, authorizes the Board to fix the compensation of all city officials and employees by ordinance.

5.2 Timesheets Employees are not required to sign timesheets and timesheets are not reviewed and approved by supervisors. We noted 3 of 5 employees did not sign their timesheets during the pay period ending July 7, 2021, and none of these timesheets were reviewed and approved by supervisors. City Officials indicated that supervisors were ensuring employees were working the required hours and most employees worked an established number of hours each pay period.



Signed, approved timesheets are necessary to ensure the accuracy of the hours worked. In addition, the Fair Labor Standards Act (FLSA) under 29 CFR Section 516.2(a) requires employers to maintain accurate records of actual time worked by employees.

Recommendations

The Board of Aldermen:

- 5.1 The Board of Aldermen establish, by ordinance, the compensation of city officials and employees.
- 5.2 Ensure timesheets are properly completed, signed, and approved.

Auditee's Response

- 5.1 *The Board will establish, by ordinance, the compensation of city officials and employees.*
- 5.2 *Time sheets are now properly completed, signed, and approved.*

6. Electronic Data Security

Controls over the city computers are not sufficient. As a result, city records are not adequately protected and are susceptible to unauthorized access or loss of data.

6.1 User identification and passwords

The city has not established adequate user identification and password controls to reduce the risk of unauthorized access to city computers and data. The City Clerk and Assistant City Clerk share a user identification and password for the accounting and utility system. As a result, there is no assurance that the user listed in the system for posting a transaction is the person who did it. In addition, officials are not required to change passwords periodically.

User identifications and passwords that are unique, sufficiently complex, confidential, and changed periodically help reduce the risk of a compromised password and unauthorized access to and use of the city computers and data.

6.2 Data backup

The city does not store data backup files at an off-site location. Instead, the city maintains backup files in City Hall. The City Clerk indicated that city officials believed this was enough. Off-site storage would provide reasonable assurance data could be recovered even if city hall files were lost.

Recommendations

The Board of Aldermen:

- 6.1 Require employees to have unique user identifications and passwords and change passwords periodically.
- 6.2 Ensure backup files are stored at a secure, off-site location.



Auditee's Response

- 6.1 *Employees have now established unique user identifications and passwords for computers and the accounting system, and the Board will determine how often passwords will be changed.*
- 6.2 *Backup files will be stored off-site at a secure location in the future.*

7. Electronic Communication Policy

The city has not developed a records management and retention policy in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms.

Section 109.270, RSMo, provides that all records made or received by an official in the course of his/her public duties are public property and are not to be disposed of except as provided by law. Section 109.255, RSMo, provides that the Local Records Board issue directives for the destruction of records. The guidelines for managing electronic communications records can be found on the Secretary of State's website.

Development of a written policy to address the use of electronic communications is necessary to ensure all documentation of official business of the city is retained as required by state law. The Board members indicated they were unaware of the record retention requirements and the electronic communications guidelines.

Recommendation

The Board of Aldermen work with other city officials to develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

Auditee's Response

The Board will work with other city officials to develop an electronic communications management and retention policy that complies with the Secretary of State's guidelines.

City of Polo

Organization and Statistical Information

The City of Polo is located in Caldwell County. The city was incorporated in 1953 and is a fourth-class city. The city employed two full-time employees and five part-time employees on December 31, 2021.

City operations include utility services (water, sewer, and trash), police, maintenance of streets, and parks.

Mayor and Board of Aldermen

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor is paid \$35 per meeting and Board of Aldermen members \$25 per meeting. The compensation of these officials is established by ordinance. The Mayor and Board of Aldermen at December 31, 2021, are identified below.

Tracy M. Allen, Mayor
Tanya Allen, Alderwoman (1)
Constance Cook, Alderwoman (2)
Ryan Jenkins, Alderman (3)
Joslynn C. Marco, Alderwoman

(1) Ashley Ledbetter was appointed to fill this vacancy in May 2022 because no one filed for this seat in the April 2022 election.

(2) Resigned her position in December 2021. Emma Witterveen was appointed to complete the unexpired term. Emma Tormey was elected in April 2022.

(3) Replaced by Steven Jordan, who was elected in April 2022.

Financial Activity

A summary of the city's financial activity for the year ended December 31, 2021, obtained from the city's audited financial statements follows.



City of Polo
 Organization and Statistical Information

CITY OF POLO, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Total Governmental Funds</u>
Revenues	
Taxes	\$ 212,802
ARPA monies	53,271
Franchise fees	28,676
Charges for services & fines	12,991
Interest	<u>235</u>
Total revenues	<u>307,975</u>
Expenditures	
Personnel	90,694
Repairs and maintenance	61,623
General government	19,229
Utilities	21,943
Insurance	17,883
Professional fees	16,561
Materials	6,745
Supplies	4,799
Interest	3,313
Office	<u>1,581</u>
Total expenditures	<u>244,371</u>
Net change in fund balance	63,604
Other financing sources (uses)	
Transfers in	<u>4,534</u>
Total other financing sources (uses)	<u>4,534</u>
Fund balances - beginning	<u>250,939</u>
Fund balances - ending	<u>\$ 314,543</u>

The accompanying notes are an integral part of these financial statements



City of Polo
Organization and Statistical Information

CITY OF POLO, MISSOURI
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Water	Sewer	Trash	Total
Operating revenues				
Charges for services	\$ 168,844	\$ 80,906	\$ 31,131	\$ 280,881
Total operating revenues	<u>168,844</u>	<u>80,906</u>	<u>31,131</u>	<u>280,881</u>
Operating expenses				
Personnel	28,849	18,225	-	47,074
Depreciation	17,607	13,649	-	31,256
General and administrative	12,290	7,752	-	20,042
Water and trash service	59,476	-	28,842	88,318
Repairs and maintenance	5,176	2,979	-	8,155
Supplies	4,291	1,727	91	6,109
Utilities	2,282	7,130	-	9,412
Total operating expenses	<u>129,971</u>	<u>51,462</u>	<u>28,933</u>	<u>210,366</u>
Operating income	38,873	29,444	2,198	70,515
Nonoperating revenues (expenses)				
Interest revenue	195	88	-	283
Interest expense	(24,159)	-	-	(24,159)
Transfers	(11,789)	9,457	(2,202)	(4,534)
Total nonoperating revenues	<u>(35,753)</u>	<u>9,545</u>	<u>(2,202)</u>	<u>(28,410)</u>
Change in net position	3,120	38,989	(4)	42,105
Net position at beginning of year	156,051	(3,314)	2,580	155,317
Net position at end of year	<u>\$ 159,171</u>	<u>\$ 35,675</u>	<u>\$ 2,576</u>	<u>\$ 197,422</u>

The accompanying notes are an integral part of these financial statements