

Capital Assets

Capital asset activity for the year ended September 30, 2019, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Government activities:					
Capital assets, not being depreciated:					
Land	\$ 690,000	\$ -	\$ -	\$ -	\$ 690,000
Total capital assets not being depreciated	<u>690,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>690,000</u>
Capital assets, being depreciated:					
Buildings and improvements	2,810,000	-	-	-	2,810,000
Machinery and equipment	<u>2,445,216</u>	<u>-</u>	<u>425,917</u>	<u>269,442</u>	<u>2,288,741</u>
Total capital assets being depreciated	<u>5,255,216</u>	<u>-</u>	<u>425,917</u>	<u>269,442</u>	<u>5,098,741</u>
Less accumulated depreciation:					
Buildings and improvements	1,088,250	70,250	-	-	1,158,500
Machinery and equipment	<u>2,284,522</u>	<u>75,852</u>	<u>425,917</u>	<u>222,456</u>	<u>2,156,913</u>
Total accumulated depreciation	<u>3,372,772</u>	<u>146,102</u>	<u>425,917</u>	<u>222,456</u>	<u>3,315,413</u>
Total capital assets, being depreciated, net	<u>1,882,444</u>	<u>(146,102)</u>	<u>-</u>	<u>46,986</u>	<u>1,783,328</u>
Governmental activities capital assets, net	\$ <u>2,572,444</u>	\$ <u>(146,102)</u>	\$ <u>-</u>	\$ <u>46,986</u>	\$ <u>2,473,328</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 71,810
Transportation	52,556
Aging	3,084
Homeland security	<u>18,653</u>
Total depreciation expense - governmental activities	\$ <u>146,102</u>

Rental Revenue

The Council leases a building to the Heart of Texas Workforce Development Board (HOTWDB) under a cancelable operating lease dated January 1, 2013. Rental revenues for the year ended September 30, 2019, were \$390,000.

Due to HOTEDD

The amount shown as "Due to HOTEDD" in the financial statements is owed to the Heart of Texas Economic Development District under the terms of a lease agreement. Under the terms of the agreement, rental revenues received by the Council for the rental of a building (see disclosure above) are first used to pay related debt service payments, insurance and maintenance costs. Any remaining rental receipts are owed to HOTEDD and must be used by HOTEDD for economic development projects.

Additionally, the Council serves as HOTEDD's fiscal agent. Accordingly, a proportionate share of the Council's pooled cash is also part of the "Due to HOTEDD" balance.

Long-term Debt

A summary of long-term liability activity for the year ended September 30, 2019, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
Governmental activities:					
Notes payable	\$ 1,426,724	\$ -	\$ 202,434	\$ 1,224,290	\$ 212,830
Compensated absences payable	<u>121,513</u>	<u>110,699</u>	<u>99,837</u>	<u>132,375</u>	<u>119,138</u>
Total	\$ <u>1,548,237</u>	\$ <u>110,699</u>	\$ <u>302,271</u>	\$ <u>1,356,665</u>	\$ <u>331,968</u>