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**NOTES TO THE FINANCIAL STATEMENTS**


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**NOTE 16: SEGMENT INFORMATION**


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**Primary Government.** The Town of Butner water and sewer system is administered by the N.C. Department of Health and Human Services. The State issued revenue bonds to finance upgrades to the Town's water treatment plant, wastewater plant, sanitary sewer system, and water distribution system. This system provides water and sewer services to the State facilities in the Town of Butner as well as to other customers in southern Granville County.

**Component Unit.** The North Carolina Housing Finance Agency's Home Ownership Bond Programs and Rental Bond Programs are initially funded with revenue bond proceeds. These proceeds are used to purchase single family home and rental property mortgage loans which provide the income along with investment earnings to repay the debt.

Condensed financial statements for the Town of Butner water and sewer system and the two segments of the North Carolina Housing Finance Agency as of and for the fiscal year ended June 30, 2003 are presented below (dollars in thousands).

	<b>Town of Butner Water and Sewer</b>	<b>N.C. Housing Finance Agency</b>	
		<b>Home Ownership</b>	<b>Rental</b>
<b>Condensed Statement of Net Assets</b>			
Assets:			
Current assets.....	\$ 9,096	\$ 39,719	\$ 14,499
Capital assets-nondepreciable.....	17,849	—	—
Capital assets-depreciable, net.....	6,129	—	—
Other assets.....	5,505	1,234,527	184,162
Total assets.....	<u>38,579</u>	<u>1,274,246</u>	<u>198,661</u>
Liabilities:			
Current liabilities.....	4,663	28,100	3,308
Noncurrent liabilities.....	9,433	1,111,448	149,922
Total liabilities.....	<u>14,096</u>	<u>1,139,548</u>	<u>153,230</u>
Net assets:			
Invested in capital assets, net of related debt.....	17,128	—	—
Restricted.....	1,053	134,698	45,431
Unrestricted.....	6,302	—	—
Total net assets.....	<u>\$ 24,483</u>	<u>\$ 134,698</u>	<u>\$ 45,431</u>
<b>Condensed Statement of Revenues, Expenses, and Changes in Net Assets</b>			
Operating revenues (pledged against bonds).....	\$ 3,973	\$ 79,184	\$ 14,979
Depreciation expense.....	(635)	—	—
Other operating expenses.....	(2,342)	(69,536)	(10,429)
Operating income.....	<u>996</u>	<u>9,648</u>	<u>4,550</u>
Nonoperating revenues (expenses):			
Investment earnings.....	281	—	—
Interest expense.....	(110)	—	—
Other nonoperating revenues (expenses).....	(49)	—	—
Capital contributions.....	1,178	—	—
Transfers out.....	(274)	(93)	—
Change in net assets.....	<u>2,022</u>	<u>9,555</u>	<u>4,550</u>
Beginning net assets.....	22,461	125,143	40,881
Ending net assets.....	<u>\$ 24,483</u>	<u>\$ 134,698</u>	<u>\$ 45,431</u>
<b>Condensed Statement of Cash Flows</b>			
Net cash provided (used) by:			
Operating activities.....	\$ 1,421	\$ 129,083	\$ 9,255
Noncapital financing activities.....	(274)	(103,572)	(14,013)
Capital and related financing activities.....	(2,712)	—	—
Investing activities.....	<u>3,229</u>	<u>(72,159)</u>	<u>10,592</u>
Net increase (decrease).....	1,664	(46,648)	5,834
Beginning cash and cash equivalents.....	6,003	120,728	2,374
Ending cash and cash equivalents.....	<u>\$ 7,667</u>	<u>\$ 74,080</u>	<u>\$ 8,208</u>