

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16: SEGMENT INFORMATION

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, 2005 are presented below (dollars in thousands).

	Town of Butner Water and Sewer	N.C. Housing Finance Agency	
		Home Ownership	Rental
Condensed Statement of Net Assets			
Assets:			
Current assets.....	\$ 9,177	\$ 44,793	\$ 35,134
Capital assets-nondepreciable.....	1,312	—	—
Capital assets-depreciable, net.....	26,067	—	—
Other assets.....	2,472	1,284,536	143,909
Total assets.....	<u>39,028</u>	<u>1,329,329</u>	<u>179,043</u>
Liabilities:			
Current liabilities.....	4,466	36,368	3,674
Noncurrent liabilities.....	10,375	1,134,263	127,037
Total liabilities.....	<u>14,841</u>	<u>1,170,631</u>	<u>130,711</u>
Net assets:			
Invested in capital assets, net of related debt.....	16,741	—	—
Restricted.....	400	158,698	48,332
Unrestricted.....	7,046	—	—
Total net assets.....	<u>\$ 24,187</u>	<u>\$ 158,698</u>	<u>\$ 48,332</u>
Condensed Statement of Revenues, Expenses, and Changes in Net Assets			
Operating revenues (pledged against bonds).....	3,566	\$ 76,519	\$ 11,698
Depreciation expense.....	(1,665)	—	—
Other operating expenses.....	(2,468)	(65,612)	(7,790)
Operating income.....	<u>(567)</u>	<u>10,907</u>	<u>3,908</u>
Nonoperating revenues (expenses):			
Investment earnings.....	214	—	—
Interest expense.....	(47)	—	—
Capital contributions.....	400	—	—
Transfers in.....	—	2,878	—
Transfers out.....	(258)	—	(6,252)
Change in net assets.....	<u>(258)</u>	<u>13,785</u>	<u>(2,344)</u>
Net assets — July 1, as restated.....	24,445	144,913	50,676
Net assets — June 30.....	<u>\$ 24,187</u>	<u>\$ 158,698</u>	<u>\$ 48,332</u>
Condensed Statement of Cash Flows			
Net cash provided (used) by:			
Operating activities.....	\$ 1,143	\$ 30,478	\$ 31,931
Noncapital financing activities.....	(258)	(2,281)	(25,544)
Capital and related financing activities.....	(519)	—	—
Investing activities.....	230	20,722	9,153
Net increase (decrease).....	596	48,919	15,540
Cash and cash equivalents at July 1.....	6,742	75,862	18,639
Cash and cash equivalents at June 30.....	<u>\$ 7,338</u>	<u>\$ 124,781</u>	<u>\$ 34,179</u>