

City of Dogwood
Statement of Net Assets
Proprietary Funds
June 30, 2008

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 86,762
Accounts receivable (net) - billed	78,336
Accounts receivable (net) - unbilled	21,472
Due from other funds	-
Inventories	110,281
Prepaid items	2,565
Restricted cash and cash equivalents	1,658,125
Total current assets	<u>1,957,541</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	2,778,549
Other capital assets, net of depreciation	9,781,456
Capital assets	<u>12,560,005</u>
Total noncurrent assets	<u>12,560,005</u>
Total assets	<u>\$ 14,517,546</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	62,010
Due to other funds	240
Customer deposits	16,930
Compensated absences - current	9,000
General obligation bonds payable- current	449,022
Revenue bond payable - current	34,339
Bond anticipation notes payable	675,000
Liabilities payable from restricted assets:	
Accounts payable	115,557
Total current liabilities	<u>1,362,098</u>
Noncurrent liabilities:	
Other noncurrent liabilities:	
Compensated absences	41,900
General obligation bonds payable- noncurrent (net)	2,351,978
Revenue bond payable - noncurrent	872,584
Total noncurrent liabilities	<u>3,266,462</u>
Total liabilities	<u>4,628,560</u>
NET ASSETS	
Invested in capital assets, net of related debt	9,835,207
Unrestricted	53,779
Total net assets	<u>\$ 9,888,986</u>

The notes to the financial statements are an integral part of this statement.

City of Dogwood
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	<u>Water and Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 1,116,554
Water and sewer taps	12,100
Other operating revenues	630
Total operating revenues	<u>1,129,284</u>
OPERATING EXPENSES	
Administration	170,765
Finance	30,996
Electric operations	-
Electric power purchases	-
Water treatment and distribution	129,744
Waste collection and treatment	56,353
Garage operations	-
Depreciation	251,204
Total operating expenses	<u>639,062</u>
Operating income (loss)	<u>490,222</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	38,122
Interest and other charges	(78,386)
Bond issuance costs	(10,000)
Total nonoperating revenue (expenses)	<u>(50,264)</u>
Income (loss) before contributions and transfers	<u>439,958</u>
Capital contributions	127,948
Extraordinary item: gain on insurance recovery	1,281,046
Transfers from other funds	97,400
Transfers to other funds	(4,827)
Change in net assets	1,941,525
Total net assets, beginning	7,947,461
Total net assets, ending	<u>\$ 9,888,986</u>

The notes to the financial statements are an integral part of this statement.

City of Dogwood
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,135,249
Cash paid for goods and services	(204,925)
Cash paid to or on behalf of employees for services	(243,622)
Customer deposits received	5,290
Customer deposits returned	(8,473)
Other operating revenues	630
Net cash provided (used) by operating activities	<u>684,149</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due to (from) other funds	(10)
Transfers from other funds	97,400
Transfers to other funds	(4,827)
Total cash flows from noncapital financing activities	<u>92,563</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Bond anticipation notes issued	675,000
Acquisition and construction of capital assets	(5,082,309)
Principal paid on bond maturities and equipment contracts	(317,339)
Bond issuance costs	(10,000)
Interest paid on bond maturities and equipment contracts	(83,098)
Insurance recovery	3,650,000
Capital contributions-State grant	57,948
Capital contributions-federal grant	70,000
Net cash provided (used) by capital and related financing activities	<u>(1,039,798)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	<u>38,122</u>
Net increase (decrease) in cash and cash equivalents	(224,964)
Balances, beginning	1,969,851
Balances, ending	<u>\$ 1,744,887</u>

$\epsilon = \$410,437$

The notes to the financial statements are an integral part of this statement.

City of Dogwood
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Water and Sewer Fund
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 490,222
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	251,204
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	6,248
Increase (decrease) in allowance for doubtful accounts	(153)
(Increase) decrease in inventory	1,840
(Increase) in prepaid items	(260)
Increase (decrease) in accounts payable and accrued liabilities	(71,779)
Increase in customer deposits	(3,183)
Increase in accrued vacation pay	10,000
Total adjustments	193,917
Net cash provided by operating activities	\$ 684,139

The notes to the financial statements are an integral part of this statement.

City of Dogwood, North Carolina
 Water and Sewer Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non - GAAP)
 For the Fiscal Year Ended June 30, 2008

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Water sales:			
Residential		\$ 526,959	
Commercial and industrial		114,646	
Municipal usage		52,000	
Total	<u>\$ 682,647</u>	<u>693,605</u>	<u>\$ 10,958</u>
Sewer charges:			
Residential		286,734	
Commercial and industrial		110,215	
Total	<u>415,078</u>	<u>422,949</u>	<u>7,871</u>
Water and sewer taps	<u>8,500</u>	<u>12,100</u>	<u>3,600</u>
Other operating revenues	<u>500</u>	<u>630</u>	<u>130</u>
Total operating revenues	<u>1,106,725</u>	<u>1,129,284</u>	<u>22,559</u>
Nonoperating revenues:			
Interest earnings	<u>-</u>	<u>38,122</u>	<u>38,122</u>
Total revenues	<u>1,106,725</u>	<u>1,167,406</u>	<u>60,681</u>
Expenditures:			
Water and sewer administration:			
Salaries and employee benefits		74,619	
Travel		137	
Supplies		1,136	
Insurance		6,000	
Vehicle maintenance		2,000	
Other operating expenditures		69,511	
Utility service fees		18,099	
Total water and sewer administration	<u>173,400</u>	<u>171,502</u>	<u>1,898</u>
Finance:			
Salaries and employee benefits		13,005	
Travel		419	
Supplies		1,674	
Contracted services		1,807	
Other operating expenditures		4,251	
Utility service fee		9,184	
Total finance	<u>32,200</u>	<u>30,340</u>	<u>1,860</u>

(continued)

City of Dogwood, North Carolina
 Water and Sewer Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non - GAAP)
 For the Fiscal Year Ended June 30, 2008

	Budget	Actual	(continued) Variance Positive (Negative)
Water treatment and distribution:			
Water treatment plant:			
Salaries and employee benefits		47,712	
Chemicals		12,857	
Supplies		3,358	
Other operating expenditures		4,352	
Utility service fee		7,771	
Total	<u>76,220</u>	<u>76,050</u>	<u>170</u>
Raw water pump station:			
Salaries and employee benefits		5,435	
Electric power		15,158	
Supplies		125	
Other operating expenditures		1,326	
Total	<u>23,660</u>	<u>22,044</u>	<u>1,616</u>
Water distribution:			
Salaries and employee benefits		11,933	
Supplies		8,593	
Meter replacements		3,368	
Other operating expenditures		40	
Total	<u>40,923</u>	<u>23,934</u>	<u>16,989</u>
Total water treatment and distribution	<u>140,803</u>	<u>122,028</u>	<u>18,775</u>
Waste collection and treatment:			
Sewage collection system:			
Salaries and employee benefits		11,573	
Supplies		6,303	
Other operating expenditures		4,295	
Total	<u>23,050</u>	<u>22,171</u>	<u>879</u>
Primary waste treatment:			
Salaries and employee benefits		19,571	
Chemicals		2,931	
Supplies		3,520	
Other operating expenditures		1,850	
Total	<u>31,850</u>	<u>27,872</u>	<u>3,978</u>

(continued)

City of Dogwood, North Carolina
 Water and Sewer Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non - GAAP)
 For the Fiscal Year Ended June 30, 2008

	Budget	Actual	(continued) Variance Positive (Negative)
Secondary waste treatment:			
Salaries and employee benefits		3,387	
Supplies		445	
Other operating expenditures		113	
Total	4,700	3,945	755
Total waste collection and treatment	59,600	53,988	5,612
Debt service:			
Bond issuance costs	10,000	10,000	-
Interest and other charges	142,500	142,206	294
Principal retirement	359,725	359,725	-
Total debt service	512,225	511,931	294
Capital outlay:			
Water extensions	43,210	38,576	4,634
Water taps	22,000	18,495	3,505
Miscellaneous water	21,625	17,310	4,315
Sewer extensions	72,100	32,594	39,506
Sewer taps	12,085	8,043	4,042
Miscellaneous sewer	12,650	10,346	2,304
Restoration of flood damage	3,800,000	3,800,000	-
Total capital outlay	3,983,670	3,925,364	58,306
Total expenditures	4,901,898	4,815,153	86,745
Revenues over expenditures	(3,795,173)	(3,647,747)	147,426
Other financing sources (uses):			
Transfer to other fund:			
General Fund (payment in lieu of taxes)	(4,827)	(4,827)	-
Insurance recovery	3,800,000	3,650,000	150,000
Total other financing sources (uses)	3,795,173	3,645,173	150,000
Revenues and other sources over expenditures and other uses	\$ -	(2,574)	\$ (2,574)


(continued)

City of Dogwood, North Carolina
 Water and Sewer Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non - GAAP)
 For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	(continued) Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		\$ (2,574)	
Reconciling items:			
Principal retirement		359,725	
Capital outlay		3,925,364	
Impairment loss on waste aerating facility		(2,368,954)	
Decrease in bond interest accrued		4,712	
Increase in accrued vacation pay		(10,000)	
Depreciation		(251,204)	
Amortization of deferred loss on refunding		(42,386)	
Capital contributions		127,948	
Interest income from Water and Sewer Capital Projects Fund		32,162	
Transfer in from General Fund to Water and Sewer Capital Projects Fund		97,400	
Capitalized interest on borrowings during construction:			
Interest costs		101,494	
Investment earnings on borrowed funds		(32,162)	
Total reconciling items		<u>1,944,099</u>	
Change in net assets		<u>\$ 1,941,525</u>	

City of Dogwood, North Carolina
Water and Sewer Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2008

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues - Water Project :					
Restricted intergovernmental:					
Federal grant	\$ 265,000	\$ 501,100	\$ 12,900	\$ 514,000	\$ 249,000
State grant	35,000	-	35,000	35,000	-
Investment earnings	40,000	28,014	12,016	40,030	30
Total	<u>340,000</u>	<u>529,114</u>	<u>59,916</u>	<u>589,030</u>	<u>249,030</u>
Revenues - Sewer Project:					
Restricted intergovernmental:					
Federal grant	265,000	-	45,048	45,048	(219,952)
State grant	35,000	-	35,000	35,000	-
Local option sales tax	100,000	100,000	-	100,000	-
Investment earnings	50,000	-	20,146	20,146	(29,854)
Total	<u>450,000</u>	<u>100,000</u>	<u>100,194</u>	<u>200,194</u>	<u>(249,806)</u>
Total revenues	<u>790,000</u>	<u>629,114</u>	<u>160,110</u>	<u>789,224</u>	<u>(776)</u>
Expenditures - Water Project:					
Engineering	135,500	127,500	8,000	135,500	-
Construction	1,604,500	1,176,936	424,064	1,601,000	3,500
Total	<u>1,740,000</u>	<u>1,304,436</u>	<u>432,064</u>	<u>1,736,500</u>	<u>3,500</u>
Expenditures - Sewer Project:					
Engineering	195,000	-	87,814	87,814	107,186
Land	90,000	-	90,000	90,000	-
Construction	2,783,550	-	537,735	537,735	2,245,815
Total	<u>3,068,550</u>	<u>-</u>	<u>715,549</u>	<u>715,549</u>	<u>2,353,001</u>
Total expenditures	<u>4,808,550</u>	<u>1,304,436</u>	<u>1,147,613</u>	<u>2,452,049</u>	<u>2,356,501</u>
Revenues under expenditures	<u>(4,018,550)</u>	<u>(675,322)</u>	<u>(987,503)</u>	<u>(1,662,825)</u>	<u>(2,355,725)</u>
Other financing sources :					
Transfers from other funds:					
From General Fund	500,000	30,000	97,400	127,400	(372,600)
General obligation bonds issued	2,518,550	1,518,550	-	1,518,550	(1,000,000)
Revenue bonds issued	1,000,000	1,000,000	-	1,000,000	-
Total other sources	<u>4,018,550</u>	<u>2,548,550</u>	<u>97,400</u>	<u>2,645,950</u>	<u>(1,372,600)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,873,228</u>	<u>\$ (890,103)</u>	<u>\$ 983,125</u>	<u>\$ 983,125</u>

 NORTH CAROLINA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 20,132
Due from other governments	43
Customer accounts receivable (net)	<u>3,078</u>
Total current assets	\$ 23,253
Fixed assets (net)	<u>804,272</u>
Total assets	<u><u>\$ 827,525</u></u>
<u>Liabilities and Net Assets</u>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 11
Accrued interest payable	313
Customer deposits	3,643
Current portion of long-term debt	<u>1,750</u>
Total current liabilities	\$ 5,717
Noncurrent portion of long-term debt	<u>73,250</u>
Total liabilities	<u>\$ 78,967</u>
Net assets	
Invested in capital assets, net of related debt	\$ 729,272
Unrestricted	<u>19,286</u>
Total net assets	<u>\$ 748,558</u>
Total liabilities and net assets	<u><u>\$ 827,525</u></u>

See accompanying Independent Auditors' Report.

[REDACTED] NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS--
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services	\$ 36,572
Operating expenses:	
Wages	\$ 1,650
Employee benefits	126
Professional services	4,903
Utilities	8,376
Contracted services	6,825
Repair and maintenance	464
Departmental supplies and materials	2,519
Water and sewer analysis	5,066
Depreciation	23,423
Miscellaneous	1,848
Total operating expenses	<u>\$ 55,200</u>
<u>Operating loss</u>	<u>\$ (18,628)</u>
Nonoperating revenues (expenses):	
Interest on long-term debt	(3,860)
Investment earnings	262
Net nonoperating revenues (expenses)	<u>\$ (3,598)</u>
<u>Net income before transfers</u>	<u>\$ (22,226)</u>
Transfers in	6,000
<u>Net income (loss)</u>	<u>\$ (16,226)</u>
Net assets--beginning of year	<u>764,784</u>
Net assets--end of year	<u>\$ 748,558</u>

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

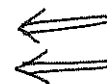
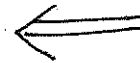
[REDACTED] NORTH CAROLINA
STATEMENT OF CASH FLOWS--PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Water & Sewer Fund

Cash flows from operating activities:	
Cash received from customers and users	\$ 37,408
Cash paid for goods and services	(30,948)
Cash paid to employees	(1,800)
Customer deposits received	850
Customer deposits returned	(800)
<u>Net cash provided (used) by operating activities</u>	<u>\$ 4,710</u>
Cash flows from noncapital financing activities:	
Transfer from General Fund	\$ 6,000
<u>Net cash provided (used) by noncapital financing activities</u>	<u>\$ 6,000</u>
Cash flows from capital and related financing activities:	
Capital grants	\$ -
Acquisition and construction of capital assets	-
Interest paid on water bonds	(3,888)
Payment on general obligation bonds	(6,650)
<u>Net cash provided (used) by capital and related financing activities</u>	<u>\$ (10,538)</u>
Cash flows from investing activities:	
Interest on investments	\$ 262
<u>Net cash provided (used) by investing activities</u>	<u>\$ 262</u>
Net increase (decrease) in cash and cash equivalents	\$ 434
Cash and cash equivalents--beginning of year	<u>19,698</u>
Cash and cash equivalents--end of year	<u>\$ 20,132</u>


[REDACTED] NORTH CAROLINA
 WATER AND SEWER FUND
 STATEMENT OF REVENUES AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Charges for services:			
Water and sewer fees	\$ 35,600	\$ 35,365	\$ (235)
Late charges	1,025	1,132	107
Miscellaneous	-	75	75
Total operating revenues	<u>\$ 36,625</u>	<u>\$ 36,572</u>	<u>\$ (53)</u>
Nonoperating revenues:			
Interest on investments	\$ 18	\$ 131	\$ 113
Total nonoperating revenues	<u>\$ 18</u>	<u>\$ 131</u>	<u>\$ 113</u>
Total revenues	<u>\$ 36,643</u>	<u>\$ 36,703</u>	<u>\$ 60</u>
Expenditures:			
Departmental expenses:			
Wages	\$ -	\$ 1,650	\$ -
Employee benefits		126	
Professional services		4,903	
Utilities		8,376	
Contracted services		6,825	
Repair and maintenance		464	
Departmental supplies and materials		2,519	
Water and sewer analysis		5,066	
Miscellaneous		1,848	
Total departmental expenses	<u>\$ 37,643</u>	<u>\$ 31,777</u>	<u>\$ 5,866</u>
Debt service:			
Interest	\$ -	\$ 3,888	\$ -
Principal payment	-	6,650	
Total debt service	<u>\$ 5,000</u>	<u>\$ 10,538</u>	<u>\$ (5,538)</u>
Capital outlay:			
Equipment	\$ -	\$ -	
Total capital outlay	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total expenditures	<u>\$ 42,643</u>	<u>\$ 42,315</u>	<u>\$ 328</u>
Revenues over (under) expenditures	\$ (6,000)	\$ (5,612)	\$ 388
Other financing sources (uses):			
Transfers in	3,000	6,000	3,000
Fund balance appropriated	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Revenues and other sources Over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 388</u>	<u>\$ 388</u>



[REDACTED] NORTH CAROLINA
WATER AND SEWER FUND
STATEMENT OF REVENUES AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Actual</u>
Reconciliation of modified accrual basis to full accrual basis:	
Revenues over (under) expenditures	\$ 388
<u>Reconciling items:</u>	
Depreciation	(23,423)
Principal Payment on Bond	6,650
Decrease in Accrued Interest Payable	28
Capital Grant	-
Capital Outlay	-
Interest earnings from Water and Sewer Capital Reserve Fund (Statement 8)	<u>131</u>
Net Income (Loss) (Exhibit 7)	<u>\$ (16,226)</u>

 NORTH CAROLINA
 WATER AND SEWER CAPITAL RESERVE FUND
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Investment earnings	\$ -	\$ 131	\$ 131
Total revenues	<u>\$ -</u>	<u>\$ 131</u>	<u>\$ 131</u>
Expenditures:			
Reserve for capital expenditures:			
Water and sewer system	\$ 3,000	\$ -	\$ 3,000
Total expenditures	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 3,000</u>
Revenues over (under) expenditures	\$ (3,000)	\$ 131	\$ 3,131
Other financing sources (uses):			
Operating transfers in	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Total other financing sources	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ (3,000)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 131</u>	<u>\$ 131</u>

Appendix 1

Fund Balance Available Calculation

	Current Portion of LTD Included	Current Portion of LTD Not Included
Cash and investments per audit report	\$ 20,132	\$ 20,132
Less		
Accounts Payable, Due To, etc.	5,717	3,967
Portion of Deferred Revenue from Cash Receipts	-	-
Reserve for Encumbrances	-	-
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Fund Balance Available	14,415	16,165
	<hr/>	<hr/>
Total Equity per audit report	14,415	16,165
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All figures pulled from Page 10.

Quick Ratio Calculation:

$$\frac{\text{"quick assets"} \quad \$ 23,253}{\text{current liabilities} \quad \$ 5,717} = 4.07$$