

Webb County, Texas
Statement of Net Assets
Proprietary Funds
September 30, 2004

| | Enterprise Fund | Internal Service |
|-------------------------------|------------------------|-------------------------|
| | Water Utility | Funds |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,164,318 | \$ 3,080,617 |
| Accounts Receivable, net | 195,662 | - |
| Deferred charges | 320,239 | - |
| Due from other funds | 1,359,335 | 8,148 |
| Other receivables | 110 | - |
| Inventories | 18,630 | - |
| Total current assets | 4,058,294 | 3,088,765 |
| Non-current assets: | | |
| Capital Assets: | | |
| Land and improvements | 216,295 | - |
| Infrastructure | 3,289,129 | - |
| Utility System | 747,627 | - |
| Buildings | 496,623 | - |
| Equipment and Furniture | 378,885 | 84,068 |
| Less Accumulated depreciation | (463,330) | (65,294) |
| Total non-current assets | 4,665,229 | 18,774 |
| Total assets | 8,723,523 | 3,107,539 |

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

Webb County, Texas
Statement of Net Assets
Proprietary Funds
September 30, 2004

| | Enterprise Fund | Internal Service |
|---|------------------------|-------------------------|
| | Water Utility | Funds |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable | 215,749 | 581,690 |
| Salaries payable | 17,835 | - |
| Accrued interest payable | 54,681 | - |
| Due to other funds | 2,241,583 | 208,678 |
| Other accrued expenses | 129,280 | 32,518 |
| Compensated absences | 42,030 | 22,812 |
| Bonds, notes and loans payable | 108,354 | - |
| Total current liabilities | 2,809,512 | 845,698 |
| Non-current liabilities: | | |
| Claims and judgments | - | 1,657,666 |
| Bonds, notes and loans payable | 5,563,346 | - |
| Total non-current liabilities | 5,563,346 | 1,657,666 |
| Total liabilities | 8,372,858 | 2,503,364 |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 342,154 | 18,775 |
| Unrestricted | 8,511 | 585,400 |
| Total net assets | \$ 350,665 | \$ 604,175 |

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the Business Activities of the Statement of Net Assets.

| | |
|---|------------|
| | 29,438 |
| Total net assets per Government-Wide financial statements | \$ 380,103 |

Webb County, Texas
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2004

| | <u>Enterprise Fund</u> | <u>Internal Service</u> |
|--|------------------------|-------------------------|
| | <u>Water Utility</u> | <u>Funds</u> |
| REVENUES | | |
| Charges for services | \$ 1,294,649 | \$ 8,195,102 |
| Miscellaneous | 39,273 | - |
| Total operating revenues | 1,333,922 | 8,195,102 |
| OPERATING EXPENSES | | |
| Personal services | 553,431 | - |
| Contractual services | 293 | 25,158 |
| Utilities | 188,587 | - |
| Repairs and maintenance | 55,229 | - |
| Other supplies and expenses | 167,790 | 1,189 |
| Insurance claims and expenses | - | 8,226,939 |
| Depreciation | 52,834 | 11,052 |
| Total Operating Expenses | 1,018,164 | 8,264,338 |
| Operating income (loss) | 315,758 | (69,236) |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Interest and investment revenue | 26,422 | 39,357 |
| Interest expense | (305,100) | - |
| Total non-operating revenue (expenses) | (278,678) | 39,357 |
| Income (loss) before contributions and transfers | 37,080 | (29,879) |
| Transfers out | - | (790,000) |
| Change in net assets | 37,080 | (819,879) |
| Total net assets - beginning, restated | 313,585 | 1,424,054 |
| Total net assets - ending | \$ 350,665 | \$ 604,175 |

Change in net assets, per above

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with Business Activities.

Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements

| |
|---------|
| 29,438 |
| 380,103 |

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

Webb County, Texas
Statement of Cash Flows
Proprietary Funds
For Year Ended September 30, 2004

| | Business Type Activities | Governmental Activities |
|---|--------------------------|-------------------------|
| | Enterprise Fund | Internal |
| | <u>Water Utility</u> | <u>Service Funds</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers and users | \$ 1,316,277 | \$ 8,279,949 |
| Premiums from participants | (545,971) | (6,134) |
| Payments to employees | (155,898) | (9,037,937) |
| Payments to vendors, suppliers, and insurance administrators | 661,349 | |
| Internal Transactions | <u>1,275,757</u> | <u>(764,122)</u> |
| Net cash provided by operating activities | | |
| CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES | | |
| Transfer In | 281,540 | |
| Transfer Out | <u>(281,540)</u> | <u>(790,000)</u> |
| Net cash provided by non capital financing activities | | <u>(790,000)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Infrastructure | (1,594,370) | |
| Short Term Notes Payable | 20,765 | |
| Interest Paid on Debt | (305,100) | |
| Long Term Notes Payable | 993,646 | |
| Issuance Cost for Bonds | <u>(183,288)</u> | |
| Net cash provided by capital financing activities | <u>(1,068,347)</u> | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment earnings | <u>26,422</u> | <u>39,357</u> |
| Net cash provided by investing activities | <u>26,422</u> | <u>39,357</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | <u>233,832</u> | <u>(1,514,765)</u> |
| Cash and pooled investments, beginning of year | 1,930,486 | 4,595,382 |
| Cash and pooled investments, end of year | <u>\$ 2,164,318</u> | <u>\$ 3,080,617</u> |
| Reconciliation of operating income to net cash provided (used) by operations: | | |
| Operating income | \$ 315,758 | \$ (69,236) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation expense | 52,834 | 11,052 |
| Amortization | 10,240 | |
| (Increase) Decrease in Due from Other Funds | 496,743 | 680,509 |
| (Increase) Decrease in Accounts Receivable | (17,722) | 365,806 |
| (Increase) Decrease in Other Receivable | 77 | |
| (Increase) Decrease in Inventories | (3,800) | |
| Increase (Decrease) in Accounts Payable | 169,159 | 37,116 |
| Increase (Decrease) in Other Payables | 67,323 | (1,079) |
| Increase (Decrease) in Accrued Liabilities | | 90,074 |
| Increase (Decrease) in Accrued Wages Payable | 2,995 | |
| Increase (Decrease) in Accrued Interest Payable | 13,079 | |
| Increase (Decrease) in Due to Other Funds | 164,607 | (1,158,127) |
| Increase (Decrease) in Funds Held In Trust | | (1,175,679) |
| Increase (Decrease) in Long Term Risk Liability | | 455,442 |
| Increase (Decrease) in Accrued Compensated Absences | 4,464 | |
| Total adjustments | <u>959,999</u> | <u>(694,886)</u> |
| Net cash provided by operating activities | <u>\$ 1,275,757</u> | <u>\$ (764,122)</u> |

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