

**ADMINISTRATIVE OFFICES
OF THE
ARCHDIOCESE OF ATLANTA**

Financial Statements
and
Accompanying Information
for the years ended
June 30, 1990 and 1989

and

Combined Financial Statements of the
Administrative Offices and Parishes and Missions
of the Archdiocese of Atlanta
for the years ended
June 30, 1990 and 1989

LANEY
BOTELE &
KILLINGER

Certified Public Accountants

Report of Independent Certified Public Accountants

The Most Reverend
James P. Lyke
Apostolic Administrator
Archdiocese of Atlanta
Atlanta, Georgia

We have audited the accompanying balance sheet of the Administrative Offices of the Archdiocese of Atlanta as of June 30, 1990, and the related statements of support and revenue, expenses, capital additions and changes in fund balances and changes in financial position for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Administrative Offices of the Archdiocese of Atlanta as of June 30, 1989, were audited by other auditors whose report dated October 5, 1989, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Administrative Offices of the Archdiocese of Atlanta as of June 30, 1990, and the support and revenue, expenses, capital additions and changes in fund balances and changes in financial position for the year then ended in conformity with generally accepted accounting principles.

Laney, Boteler & Killinger

Atlanta, Georgia
September 14, 1990

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Balance Sheets - Fund Basis

Assets

	June 30, 1990			
	Expendable Funds			Total
	Operating Funds	Deposit and Loan Funds	Designated Investment Funds	
Cash	\$1,472,538	\$ -	\$ -	\$1,472,538
Certificates of deposit and marketable securities (market value \$14,440,835 and \$11,995,748)	34,423	1,575,000	3,444,313	5,053,736
Accounts and accrued interest receivable (net of allowance for doubtful accounts of \$250,000 for 1990)	421,534			421,534
Notes receivable				
Pledges receivable				
Due from parishes and agencies (net of allowance for doubtful loans of \$217,000 and \$150,000)		24,016,466		24,016,466
Land, buildings and equipment				
Other assets	233,213			233,213
Due from other funds	847,003			847,003
Total assets	<u>3,008,711</u>	<u>25,591,466</u>	<u>3,444,313</u>	<u>32,044,490</u>

Liabilities and Fund Balances

Accounts payable - trade and accrued expenses	888,063			888,063
Accounts payable - parishes				
Deferred support and revenue				
Unrestricted	1,066,797			1,066,797
Restricted	361,379			361,379
Deposits payable				
Parishes		6,227,211		6,227,211
Other		516,083		516,083
Demand note payable		4,738,018		4,738,018
Notes and mortgages payable		14,110,154		14,110,154
Due to other funds			499,859	499,859
Total liabilities	<u>2,316,239</u>	<u>25,591,466</u>	<u>499,859</u>	<u>28,407,564</u>
Fund balances				
Unrestricted				
Designated investment funds			2,944,454	2,944,454
Designated - annual appeal	225,950			225,950
Undesignated	466,522			466,522
	692,472		2,944,454	3,636,926
Endowment				
Net investment in plant-as restated				
Total fund balances	<u>692,472</u>	<u>-</u>	<u>2,944,454</u>	<u>3,636,926</u>
Commitments				
Total liabilities and fund balances	<u>\$3,008,711</u>	<u>\$25,591,466</u>	<u>\$3,444,313</u>	<u>\$32,044,490</u>

See notes to financial statements.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Balance Sheets - Fund Basis

June 30, 1990				June 30, 1989 As Restated
Endowment Funds	Plant Funds	Custodian Funds	Total	Total
\$ -	-	\$ 1,191	\$ 1,473,729	\$ 776,812
1,109,649	5,540,626	954,678	12,658,689	11,594,410
	220,436		421,534	732,567
	4,107		220,436	232,485
			4,107	12,038
	23,706,356		24,016,466	21,578,314
	8,036		23,706,356	23,008,092
		90,298	241,249	133,593
			937,301	3,676,075
<u>1,109,649</u>	<u>29,479,561</u>	<u>1,046,167</u>	<u>63,679,867</u>	<u>61,744,386</u>
	181,435	612,185	1,500,248	877,066
		433,982	615,417	571,419
			1,066,797	571,016
			361,379	953,216
			6,227,211	6,167,869
			516,083	283,394
	3,576,982		8,315,000	3,413,666
	1,276,035		15,386,189	17,425,104
	413,297		937,301	3,676,075
<u>24,145</u>	<u>5,447,749</u>	<u>1,046,167</u>	<u>34,925,625</u>	<u>33,938,825</u>
<u>24,145</u>				
			2,944,454	2,052,219
			225,950	-
			466,522	729,820
			3,636,926	2,782,039
1,085,504			1,085,504	1,047,420
	<u>24,031,812</u>		<u>24,031,812</u>	<u>23,976,102</u>
<u>1,085,504</u>	<u>24,031,812</u>	<u>-</u>	<u>28,754,242</u>	<u>27,805,561</u>
<u>\$1,109,649</u>	<u>\$29,479,561</u>	<u>\$1,046,167</u>	<u>\$63,679,867</u>	<u>\$61,744,386</u>

See notes to financial statements.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Statements of Support and Revenue, Expenses,
Capital Additions and Changes in Fund Balances

	June 30, 1990			
	Expendable Funds			Total
	Operating Funds	Deposit and Loan Funds	Designated Investment Funds	
Support and revenues				
From parishes and missions				
Contributions				
Charity and development	\$1,525,951	\$ -	\$ -	\$1,525,951
Dependent children	320,317			320,317
Seminary	69,672			69,672
Assessments	<u>2,346,590</u>			<u>2,346,590</u>
	<u>4,262,530</u>	<u>-</u>	<u>-</u>	<u>4,262,530</u>
Other contributions				
Mission boards and commissions	95,700			95,700
Seminary	38,572			38,572
Summer camp program	12,083			12,083
Gifts and bequests	<u>602,337</u>			<u>602,337</u>
	<u>748,692</u>	<u>-</u>	<u>-</u>	<u>748,692</u>
Other revenue				
Investment income	956,624		1,442	958,066
Rental income	116,503			116,503
Regional school	333,828			333,828
Other revenues	<u>59,655</u>			<u>59,655</u>
	<u>1,466,610</u>	<u>-</u>	<u>1,442</u>	<u>1,468,052</u>
Total support and revenues	<u>6,477,832</u>	<u>-</u>	<u>1,442</u>	<u>6,479,274</u>
Expenses				
Archdiocesan administration	2,613,477			2,613,477
Pastoral	917,714			917,714
Education				
Seminary	277,015			277,015
Department of education	994,608			994,608
Social services				
Dependent children	372,094			372,094
Other agencies	443,816			443,816
Communications	<u>64,556</u>			<u>64,556</u>
Total expenses	<u>5,683,280</u>	<u>-</u>	<u>-</u>	<u>5,683,280</u>
Excess of support and revenue over expenses before uninsured loss	794,552		1,442	795,994
Uninsured loss				
Excess of support and revenue over expenses before capital additions	<u>794,552</u>	<u>-</u>	<u>1,442</u>	<u>795,994</u>
Capital additions				
Contributions and bequests				
Gain on investments			58,893	58,893
Investment income (loss)				
Gain (loss) on disposal of property				
Total capital additions	<u>-</u>	<u>-</u>	<u>58,893</u>	<u>58,893</u>
Excess of support and revenue over expenses after capital additions	794,552		60,335	854,887
Fund balances at beginning of year	729,820		2,052,219	2,782,039
Transfers	<u>(831,900)</u>		<u>831,900</u>	<u>-</u>
Fund balances at end of year	<u>\$ 692,472</u>	<u>\$ -</u>	<u>\$2,944,454</u>	<u>\$3,636,926</u>

See notes to financial statements.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Statements of Support and Revenue, Expenses,
Capital Additions and Changes in Fund Balances

<u>June 30, 1990</u>			<u>June 30, 1989</u>
			<u>As Restated</u>
<u>Endowment</u>	<u>Plant</u>	<u>Total</u>	<u>Total</u>
<u>Funds</u>	<u>Funds</u>		
\$ -	\$ -	\$ 1,525,951	\$ 1,149,806
		320,317	297,005
		69,672	62,312
		<u>2,346,590</u>	<u>2,084,853</u>
<u>-</u>	<u>-</u>	<u>4,262,530</u>	<u>3,593,976</u>
		95,700	94,000
		38,572	14,051
		12,083	31,202
		<u>602,337</u>	<u>895,063</u>
<u>-</u>	<u>-</u>	<u>748,692</u>	<u>1,034,316</u>
		958,066	872,257
		116,503	137,170
		333,828	274,800
		<u>59,655</u>	<u>90,144</u>
<u>-</u>	<u>-</u>	<u>1,468,052</u>	<u>1,374,371</u>
<u>-</u>	<u>-</u>	<u>6,479,274</u>	<u>6,002,663</u>
	97,420	2,710,897	2,148,848
		917,714	777,398
		277,015	206,549
		994,608	1,037,863
		372,094	348,795
		443,816	471,336
		<u>64,556</u>	<u>43,394</u>
<u>-</u>	<u>97,420</u>	<u>5,780,700</u>	<u>5,034,183</u>
	(97,420)	698,574	968,480
		-	253,699
<u>-</u>	<u>(97,420)</u>	<u>698,574</u>	<u>714,781</u>
1,900	15,000	16,900	941,494
36,229	235,473	330,595	682,144
(45)		(45)	1,035
	<u>(97,343)</u>	<u>(97,343)</u>	<u>79,415</u>
<u>38,084</u>	<u>153,130</u>	<u>250,107</u>	<u>1,704,088</u>
38,084	55,710	948,681	2,418,869
1,047,420	23,976,102	27,805,561	25,386,692
<u>\$1,085,504</u>	<u>\$24,031,812</u>	<u>\$28,754,242</u>	<u>\$27,805,561</u>

See notes to financial statements.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Statements of Changes in Financial Position

	June 30, 1990			
	Expendable Funds			Total
	Operating Funds	Deposit and Loan Funds	Designated Investment Funds	
Sources of funds				
Revenues collected				
From parishes				
Special collections	\$1,915,940	\$ -	\$ -	\$1,915,940
Assessments	<u>2,346,590</u>			<u>2,346,590</u>
	4,262,530			4,262,530
Contributions and bequests	748,692			748,692
Investment Income	956,624		1,442	958,066
Other	<u>509,986</u>		<u>58,893</u>	<u>568,879</u>
Total revenues collected	<u>6,477,832</u>		<u>60,335</u>	<u>6,538,167</u>
Other sources				
Collections on notes receivable				
Decrease in pledges and accounts receivable	311,033			311,033
Increase in deposits payable		292,031		292,031
Proceeds of demand note payable		1,324,352		1,324,352
Proceeds of notes payable				
Increase in accounts payable and accrued expenses	393,807			393,807
Other				
Total sources of funds	<u>7,182,672</u>	<u>1,616,383</u>	<u>60,335</u>	<u>8,859,390</u>
Uses of funds				
Operating expenses	5,683,280			5,683,280
Uninsured loss				
Purchase of land, buildings and equipment				
Payments on notes payable		1,538,141		1,538,141
Parish loans-net increase		2,438,152		2,438,152
Increase in pledges and accounts receivable				
Decrease in deposits payable				
Decrease in accounts payable and accrued expenses		8,900		8,900
Decrease in deferred revenue	96,056			96,056
Increase in other assets	<u>233,213</u>			<u>233,213</u>
Total uses of funds	<u>6,012,549</u>	<u>3,985,193</u>		<u>9,997,742</u>
Transfers and net changes in interfund accounts	(449,189)	2,368,810	416,941	2,336,562
Increase (decrease) in cash, marketable securities and certificates of deposit	720,934	-	477,276	1,198,210
Cash, marketable securities and certificates of deposit - beginning of year	<u>786,027</u>	<u>1,575,000</u>	<u>2,967,037</u>	<u>5,328,064</u>
Cash, marketable securities and certificates of deposit - end of year	<u>\$1,506,961</u>	<u>\$1,575,000</u>	<u>\$3,444,313</u>	<u>\$6,526,274</u>

See notes to financial statements.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Statements of Changes in Financial Position

<u>June 30, 1990</u>			<u>June 30, 1989</u>	
<u>Endowment Funds</u>	<u>Plant Funds</u>	<u>Custodian Funds</u>	<u>Total</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 1,915,940	\$ 1,509,123
			<u>2,346,590</u>	<u>2,084,853</u>
			4,262,530	3,593,976
1,900	15,000		765,592	1,975,810
(45)			958,021	873,292
<u>36,229</u>	<u>155,553</u>		<u>760,661</u>	<u>1,704,146</u>
<u>38,084</u>	<u>170,553</u>		<u>6,746,804</u>	<u>8,147,224</u>
	12,049		12,049	65,139
	7,931		318,964	60,011
			292,031	-
	3,576,982		4,901,334	-
	100,350		100,350	4,731,635
		301,895	695,702	327,911
	<u>125,557</u>		<u>125,557</u>	-
<u>38,084</u>	<u>3,993,422</u>	<u>301,895</u>	<u>13,192,791</u>	<u>13,331,920</u>
	97,420		5,780,700	5,034,183
			-	253,699
	715,687		715,687	3,724,737
	601,124		2,139,265	2,408,251
			2,438,152	1,529,710
			-	109,091
			-	34,028
	19,622		28,522	683,603
			96,056	1,195,227
			<u>233,213</u>	<u>15,732</u>
<u>-</u>	<u>1,433,853</u>		<u>11,431,595</u>	<u>14,988,261</u>
3,666	(2,327,481)	(12,747)	-	-
41,750	232,088	289,148	1,761,196	(1,656,341)
<u>1,067,899</u>	<u>5,308,538</u>	<u>666,721</u>	<u>12,371,222</u>	<u>14,027,563</u>
<u>\$1,109,649</u>	<u>\$5,540,626</u>	<u>\$955,869</u>	<u>\$14,132,418</u>	<u>\$12,371,222</u>

See notes to financial statements.

Notes to Financial Statements
June 30, 1990 and 1989

Note 1 - Summary of significant accounting policies

Basis of reporting

The accompanying financial statements have been prepared in accordance with principles of the fund method of accounting. The statements include only the transactions of the Administrative Offices of the Archdiocese. Subsidies to auxiliary services and programs are included but detailed operations of such subsidized activities are not included in the accounts of the Administrative Offices and, accordingly, are not included in the accompanying financial statements. Moreover, this report does not include the financial statements of the parishes and missions of the Archdiocese of Atlanta.

Title to all property of the Archdiocese vests in the Archbishop and his successors in office while obligations of the Archdiocese, likewise, are those of the Archbishop and his successors in office.

Investments in marketable securities

Investments in marketable securities are valued at cost or, if acquired by gift, at fair market value at the date of gift.

Land, buildings and equipment

Land, buildings and equipment acquired on or before June 1, 1963, are stated at amounts derived from insurance values and land appraisals as of that date. Subsequent additions are recorded at cost. A summary of land, buildings and equipment at June 30, 1990, follows:

	Insurance or Appraised Values <u>June 1, 1963</u>	Acquisitions at Cost Subsequent to <u>June 1, 1963</u>	<u>Total</u>
Land	\$ 230,125	\$ 6,604,648	\$ 6,834,773
Buildings	650,000	15,050,907	15,700,907
Furniture, fixtures and equipment	231,000	897,127	1,128,127
Automobiles	-	42,549	42,549
	<u>\$1,111,125</u>	<u>\$22,595,231</u>	<u>\$23,706,356</u>

Notes to Financial Statements (continued)
June 30, 1990 and 1989

Note 1 - Summary of significant accounting policies (continued)

Land, buildings and equipment (continued)

Except for cost of school renovations at our Lady of Lourdes Parish and construction of a school at St. John Newman Parish, the foregoing does not include properties used by parishes and missions of the Archdiocese.

Additions of furniture, fixtures and equipment are capitalized while replacements are charged to expense.

No allowance for depreciation has been provided in the accounts in accordance with established accounting practices for similar institutions.

Land, buildings and equipment are pledged in part to secure notes and mortgages payable (Note 3).

Note 2 - Retirement plans

Clergy retirement plan

On July 1, 1969, the Archdiocese adopted a retirement plan which covers all priests within the Archdiocese. The Archdiocese makes contributions to the plan at such times and in such amounts as required to keep the plan actuarially sound. Pension and administrative costs for the years ended June 30, 1990 and 1989, were \$63,366 and \$57,221, respectively. Pension cost includes normal cost and amortization of past service cost over 30 years. A comparison of vested plan benefits and plan net assets as of July 1, 1989, (most recent valuation) is presented below:

Actuarial present value of vested plan benefits	<u>\$2,507,572</u>
Net assets available for benefits	<u>\$1,781,086</u>

The rate of return used in determining the actuarial present value of vested plan benefits was 9%.

The parishes reimbursed the Administrative Offices \$31,400 and \$34,400 for pension and administrative costs for the years ended June 30, 1990 and 1989, respectively. Pension expense is included in Archdiocesan administrative expenses and is comprised of the following amounts:

Notes to Financial Statements (continued)
June 30, 1990 and 1989

Note 2 - Retirement plans (continued)**Clergy retirement plan (continued)**

	<u>Year Ended June 30,</u>	
	<u>1990</u>	<u>1989</u>
Pension and administrative expense	\$63,366	\$57,221
Less reimbursement by parishes	<u>31,400</u>	<u>34,400</u>
	<u>\$31,966</u>	<u>\$22,821</u>

Lay employee retirement plan

Effective July 1, 1982, the Archdiocese amended its plan to change from a defined benefit retirement plan to a defined contribution plan for lay employees within the Archdiocese. Contributions to the amended plan are predetermined amounts based on compensation paid to each lay employee. Benefits under the amended plan are computed based on the pension fund assets. In addition to the contributions required under the amended plan, the Archdiocese will continue to make sufficient contributions to the plan to cover employees who at the time of amendment were partially or fully vested in the defined benefit plan.

Pension costs for the years ended June 30, 1990 and 1989, includes accruals of \$749,356 and \$615,228, respectively, made under the defined contribution portion of the plan.

The cost of the defined benefit portion of the plan for the year ended June 30, 1989, was \$87,165 for pension and administrative costs. Pension cost includes amortization of past service costs over 10 years.

The parishes reimbursed the Administrative Offices \$672,203 and \$595,701 for pension and administrative costs for the years ended June 30, 1990 and 1989, respectively. Pension cost is included in Archdiocesan administrative expenses and is comprised of the following amounts:

	<u>Year Ended June 30,</u>	
	<u>1990</u>	<u>1989</u>
Defined contribution cost	\$749,356	\$615,228
Defined benefit cost	-	<u>87,165</u>
	749,356	702,393
Less reimbursement by parishes	<u>672,203</u>	<u>595,701</u>
	<u>\$ 77,153</u>	<u>\$106,692</u>

Notes to Financial Statements (continued)
June 30, 1990 and 1989

Note 3 - Notes and mortgages payable

The unsecured demand note shown below is a line of credit which was increased from \$5,000,000 to \$15,000,000 on April 4, 1990, and the interest rate was changed from 11% to prime (10% at June 30, 1990). The note matures November 30, 1990.

The notes and mortgages payable are secured by properties of the Administrative Offices of the Archdiocese and by real estate of various parishes and missions within the Archdiocese.

	<u>June 30, 1990</u>		<u>June 30, 1989</u>	
	<u>Maturities</u>		<u>Maturities</u>	
	<u>Current</u>	<u>Noncurrent</u>	<u>Current</u>	<u>Noncurrent</u>
Unsecured demand note; 10% at June 30, 1990	\$ 8,315,000	\$ -	\$3,413,666	\$ -
3% to 11% notes and mortgages				
Plant funds	573,854	702,181	601,193	1,175,616
Deposit and loan funds	<u>1,729,108</u>	<u>12,381,046</u>	<u>1,584,879</u>	<u>14,063,416</u>
	<u>2,302,962</u>	<u>13,083,227</u>	<u>2,186,072</u>	<u>15,239,032</u>
Total demand note and notes and mortgages	<u>\$10,617,962</u>	<u>\$13,083,227</u>	<u>\$5,599,738</u>	<u>\$15,239,032</u>

Maturities of notes and mortgages payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
1991	\$ 2,302,962
1992	1,332,290
1993	1,214,711
1994	1,288,667
1995	1,328,311
1996 - 2007	<u>7,919,248</u>
	<u>\$15,386,189</u>

Notes to Financial Statements (continued)
June 30, 1990 and 1989

Note 4 - Deposit and loan funds

The amounts due from parishes relate primarily to funds receivable for payment of Archdiocesan notes and mortgages payable. At June 30, 1990 and 1989, the allowance for doubtful loans account, in the amount of \$217,000 and \$150,000, respectively, is funded by marketable securities in an amount equal to the allowance. These securities have been designated to provide for estimated losses that may be incurred by the Administrative Offices resulting from uncollectible loans.

The Archdiocese administers a deposit and loan plan for the parishes. Parishes may deposit any excess funds with the Administrative Office. Interest is paid to the parishes at a rate based on the six-month Treasury Bill rate. The Administrative Office uses the funds on deposit to loan to other parishes. The interest rate charged to the borrowers is computed each month based on the cost of the funds to the Administrative Office.

Note 5 - Notes receivable

The notes receivable are for sales of various parish properties and are secured by the property sold.

	<u>June 30, 1990</u>		<u>June 30, 1989</u>	
	<u>Maturities</u>		<u>Maturities</u>	
	<u>Current</u>	<u>Noncurrent</u>	<u>Current</u>	<u>Noncurrent</u>
11% and 12% notes	<u>\$34,059</u>	<u>\$186,377</u>	<u>\$17,128</u>	<u>\$215,357</u>

Maturities of notes receivable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
1991	\$ 34,059
1992	32,587
1993	36,643
1994	93,529
1995	12,939
1996	<u>10,679</u>
	<u>\$220,436</u>

Notes to Financial Statements (continued)
June 30, 1990 and 1989

Note 6 - Deferred restricted support and revenue

Deferred restricted support and revenue represents the unexpended portion of gifts which must be used according to restrictions placed by the donor. Changes in deferred restricted support and revenue were as follows:

	<u>Operating Funds</u>	<u>Plant Funds</u>	<u>Total</u>
Balance, June 30, 1989, as previously reported	\$953,216	\$1,284,362	\$2,237,578
Prior period adjustment-correction of error (Note 9)	<u>-</u>	<u>(1,284,362)</u>	<u>(1,284,362)</u>
Balance, June 30, 1989, as restated	953,216	-	953,216
Less: funds expended	<u>591,837</u>	<u>-</u>	<u>591,837</u>
Balance, June 30, 1990	<u>\$361,379</u>	<u>\$ -</u>	<u>\$ 361,379</u>

At June 30, 1990, funds totaling \$361,379 were restricted for the following purposes:

Mission support and development	\$104,207
Village of St. Joseph	<u>257,172</u>
	<u>\$361,379</u>

Note 7 - Uninsured loss

During the year ended June 30, 1988, two separate personal injury claims were made against the Archdiocese. These claims were settled during the year ended June 30, 1989, for \$175,000 and \$795,000 respectively. At June 30, 1988, the Archdiocese had accrued \$345,000 to cover the estimated loss. In 1989, the Archdiocese received insurance proceeds of \$200,000 toward payment of the claims. Another \$175,000 was charged to the Archdiocese's insurance reserve and approximately \$250,000 is recorded as an uninsured loss for the year ended June 30, 1989.

Note 8 - 1989 Financial statement reclassifications

The accompanying financial statements for 1989 have been restated to reflect current revenue and expense classifications in order for the comparison to current year financial statements to be more meaningful.

Notes to Financial Statements (continued)
June 30, 1990 and 1989

Note 9 - Correction of error

During the year ended June 30, 1990, it was determined that deferred restricted support in the plant fund totalling \$1,284,362 should have been recognized in years prior to June 30, 1988, as a capital addition in the plant fund. The error was corrected by increasing the beginning fund balance in the plant fund by \$1,284,362 and reducing deferred restricted support as follows:

	<u>Year ended June 30, 1989</u>	
	<u>Deferred Restricted Support</u>	<u>Fund Balance</u>
Balance, beginning of year as previously reported	\$1,284,362	\$21,191,927
Prior period adjustment - correction of error	<u>(1,284,362)</u>	<u>1,284,362</u>
Balance, beginning of year as restated	-	22,476,289
Capital additions	<u> </u>	<u>1,499,813</u>
Balance, end of year as stated	<u>\$ -</u>	<u>\$23,976,102</u>