

The Consolidated Balance Sheet in this case proves the absolute need for the detailed balance sheets, as the former only shows a net over-expenditure of \$136,825.87, whereas this figure comprises

|                                       |            |
|---------------------------------------|------------|
| General over-expenditure .. . . . . . | 82,254.44  |
| Waterworks over-expenditure .... .    | 112,505.01 |

|                             |            |
|-----------------------------|------------|
| Total over-expenditure..... | 194,759.45 |
|-----------------------------|------------|

The under-expenditure on Electric Light is responsible for the difference, and must not be taken into consideration when the council is financing its over-expenditure.

Although the question does not ask for it, let us see what the effect of the issue of bonds for the above amount would be.

We should then have the following totals:

#### CAPITAL.

|                       |            |                   |            |
|-----------------------|------------|-------------------|------------|
| General Fund Assets.. | 540,538.73 | Debentures.....   | 393,914.29 |
|                       |            | Accounts Payable  | 18,981.93  |
|                       |            | Bank Account ...  | 27,642.51  |
|                       |            | Apprec. Reserve . | 100,000.00 |
|                       | 540,538.73 |                   | 540,538.73 |

In order to bring Capital into alignment it is therefore imperative to issue bonds for the amount of the overdraft and accounts payable, viz., \$46,624.44.

This will make the total to be issued

|            |
|------------|
| 197,459.45 |
| 46,624.44  |

|            |
|------------|
| 244,083.89 |
|------------|

assuming no immediate further expenditures on Capital are to be made.

When the proceeds of the bonds are received, the Capital liabilities and assets will be as follows:

|                        |            |                 |            |
|------------------------|------------|-----------------|------------|
| General Assets.....    | 540,538.73 | Debentures ...  | 440,538.73 |
|                        |            | Appreciation .. | 100,000.00 |
| Waterworks Assets....  | 484,820.01 | Debentures ..   | 484,820.01 |
| Elec. Light Assets.... | 273,119.42 | Debentures ..   | 331,053.00 |
| Cash at Bank.....      | 57,933.58  |                 |            |