

Solanco School District
RECONCILIATION of the GOVERNMENTAL FUNDS
STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES
to the STATEMENT of ACTIVITIES
Year Ended June 30, 2009

Total net change in fund balances - governmental funds \$ (959,540)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the period.

Depreciation Expense	(2,480,950)	
Capital Outlays	<u>2,166,189</u>	(314,761)

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as available revenues in the governmental funds. Deferred tax revenues increased by this amount this year. 64,830

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,740,000

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Annual amortization of bond issue premium is included in the statement of activities but not in the governmental funds. 89,517

In the statement of activities, certain operating expenses, such as compensated absences, accrued retirement bonuses and net other postemployment benefits are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. (376,336)

The internal service funds, which are used by management to charge the costs of services to individual funds, are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue of the internal service funds is allocated among the governmental activities. 457,433

The governmental funds follow the purchase method of inventory, however, the statement of net assets uses the consumption method to record inventory. 86,815

See notes to basic financial statements.

(Continued)

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(Continued)

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental fund, an interest expenditure is reported when due. Accrued interest decreased by this amount this year.

31,967

CHANGE in NET ASSETS of GOVERNMENTAL ACTIVITIES

\$ 1,819,925