

COUNTY OF CAROLINE, VIRGINIA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
As Of June 30, 2007

The amount reported as Net Assets for Governmental Activities in the Statement of Net Assets is different than the amount reported as Fund Balances in the Governmental Fund Balance Sheet because:

Total Fund Equity as shown on the Balance Sheet - Governmental Funds	\$	14,089,226
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		40,657,230
The County's Vehicle Maintenance Internal Service Fund primarily serves governmental activities and has, therefore, been combined with governmental activities in the Statement of Net Assets		157,000
Long term assets that are not available to pay current period expenditures are deferred in the Governmental Funds		2,374,316
Long-term liabilities, including bonds payable, are not an obligation of current financial resources and, therefore, are not reported in the governmental funds. Following are the items necessary to record those obligations:		
Bonds, capital leases and other long term debt	\$	(46,775,297)
Accrued interest payable		(259,881)
		(47,035,178)
Total Net Assets-Governmental Activities as shown on the Statement of Net Assets	\$	10,242,594

The independent auditors' report and accompanying notes to the financial statements are an integral part of this statement.