

**COUNTY OF CAROLINE, VIRGINIA**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Assets**  
**As Of June 30, 2006**

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	\$ 24,431,698
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	29,160,049
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	169,235
Long term assets that are not available to pay current period expenditures are deferred in the Governmental Funds	2,501,730
Long-term liabilities, including bonds payable, are not an obligation of current financial resources and, therefore, are not reported in the governmental funds	(47,263,090)
Transactions between funds of the primary government are not reported in the Statement of Net Assets	<u>(2,231,319)</u>
Total Net Assets-Governmental Activities as shown on the Statement of Net Assets	<u>\$ 6,768,303</u>

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