

COUNTY OF CAROLINE, VIRGINIA
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Discretely Presented Component Unit-Caroline County School Board
To the Statement of Activities
For The Fiscal Year Ended June 30, 2006

The amount reported as the Change in Net Assets for Component Unit-School Board in the Statement of Activities is different than the amount reported as the change in Fund Balance in the Combining Statement of Revenues, Expenditures and Changes in Fund Balance-Discretely Presented Component Unit-Caroline County School Board because:

Total Change in Fund Balance as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Discretely Presented Component Unit-Caroline County School Board	\$ 450,949
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over the estimates useful lives and reported as depreciation expense. The amount by which depreciation expense in the current period exceeded capital outlays is a reconciling difference.	(319,666)
Property and other non-cash assets contributed to the local government are not reflected in the financial statements of governmental funds. Such assets are reflected as a revenue in the Statement of Activities and are, thus, a reconciling difference.	667,850
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. In addition, long-term debt issued by the primary government to acquire component unit assets is reported as a primary government net asset liability. This amount is the net effect of these differences in the treatment of long-term debt and related items.	300,985
Change in Net Assets-Component Unit-School Board as shown on the Statement of Activities	\$ 1,100,118