

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES**

for the year ended September 30, 2002

(In Thousands)

Net change in fund balances for governmental funds \$ (3,967)

Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$176,439) exceeded depreciation (\$47,546) in the current period. 128,893

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. This is the amount by which principal repayments (\$89,849) and payment to the bond refunding agent (\$173,052) exceeded bond proceeds (\$240,909). 21,992

Governmental funds report bond issuance costs as expenditures. However, these amounts are reported on the statement of net asset as deferred charge and amortized over the life of debt. This is the amount by which deferred charge (\$1,210) subtract the current period amortization (\$94). 1,116

Some expenses reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. These expenses are:

Compensated absences	\$ (840)	
Accrued interest on bonds	(2,941)	
Arbitrage expense	(324)	
Amortization of debt discount and premium	812	
Amortization of refunding difference	(519)	
Total expenses		(3,812)

The net revenue (expense) of internal service funds is reported with governmental activities on the statement of activities. (3,110)

Change in net assets of governmental activities \$141,112

See accompanying notes.