

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

for the fiscal year ended September 30, 2004
(In Thousands)

Net change in fund balances - total governmental funds \$ 66,563

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. In the statement of activities, only the loss on the disposed capital assets is reported. The change in net assets differs from the change in fund balance by the carrying value of capital assets disposed.

Expenditures for capital assets	\$ 177,842	
Current year depreciation	(79,271)	
Carrying value of the disposed capital assets	<u>(2,573)</u>	95,998

Bond proceeds provide current financing resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds but reduces the long-term liability in the statement of net assets. This is the amount by which proceeds exceeded repayments.

Principal retired	\$ 87,960	
Arbitrage rebate liability payment	352	
Loans and bonds proceeds	(305,285)	
Payment to refunded loans and bonds escrow	<u>178,148</u>	(38,825)

Governmental funds report bond issuance costs as expenditures. However, these amounts are reported on the statement of net assets as deferred charges and amortized over the life of the debt.

Bond issuance costs	\$ 2,006	
Amortization of bond issuance costs	<u>(216)</u>	1,790

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:

Change in compensated absences	\$ (23,884)	
Change in accrued interest on bonds	(696)	
Change in arbitrage expense	(11)	
Amortization of debt discount and premium	1,528	
Amortization of refunding difference	<u>(892)</u>	(23,955)

The net revenue (expense) of internal service funds is reported with governmental activities on the statement of activities. (1,798)

Change in net assets of governmental activities \$99,773

See accompanying notes.