

Cabarrus County, North Carolina
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balance to the Statement of Activities of Governmental Funds
For the Year Ended June 30, 2011

Exhibit 4A
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Net change in fund balances-total governmental funds \$ (8,008,475)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives.

Expenditures for capital assets	6,521,906	
Less current year depreciation	<u>(6,223,261)</u>	298,645

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Ambulance	922,417	
Property Tax	<u>563,727</u>	1,486,144

The effect of various miscellaneous transactions involving capital assets.

Donation of capital assets	121,538	
Disposal of capital assets, net book value	<u>(496,802)</u>	(375,264)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of

Debt proceeds	(35,800,860)	
Debt costs	412,111	
Amortization of current year debt premium	954,121	
Principal payments	22,937,295	
Disbursements for refunding	<u>20,902,811</u>	9,405,478

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

Compensated Absences	(120,324)	
LEO Pension Obligation	(127,661)	
OPEB Obligation	(1,849,204)	
Accrued Interest	327,899	
Amortization of current year debt costs	<u>(730,204)</u>	(2,499,494)

The purpose of this adjustment is to recognize the net change in "unavailable" revenues. Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period. Accrual-basis recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net decrease in revenues - unavailable revenues at the end of the year exceed beginning unavailable revenues by this amount.

Internal service funds are used by management to charge the cost of workers' compensation and self-insured hospitalization systems to individual departments.	<u>(1,133,992)</u>	<u>(1,133,992)</u>
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Changes in net assets of governmental activities		<u>\$ (826,958)</u>
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The notes to the financial statements are an integral part of this statement.