

The governmental funds balance sheet includes a reconciliation between fund balances – total governmental funds and net assets – governmental activities as reported in the government-wide Statement of Net Assets. The difference in fund balances of \$2,170,749 is due to the long-term economic focus of the Statement of Net Assets versus the short-term economic focus of the governmental funds. The components of the difference are described below.

Total Fund Balances - Governmental Funds	\$	1,808,250
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Capital assets used in the operations of the County are not reported in the governmental funds financial statements because governmental funds focus on current financial resources. Such assets must be included in the Statement of Net Assets for purposes of government-wide reporting. These capital assets consist of:

Land	773,474	
Structures and Improvements	1,110,680	
Equipment	265,985	
Software	51,743	
Infrastructure	1,299,621	
Land Use Rights	746	
Construction/Software in Progress	314,231	
Accumulated Depreciation/Amortization	<u>(1,140,752)</u>	2,675,728

Other assets used in governmental activities do not consume current financial resources and therefore, are not reported in the governmental funds:

Prepaid Costs	107,807	
Unamortized Bond Issuance Cost	<u>3,912</u>	111,719

Internal service funds primarily serve governmental funds and consequently the assets and liabilities of internal service funds are incorporated as part of governmental activities for purposes of government-wide financial reporting. In addition, the cumulative internal balance resulting from current year's and last year's allocation of internal service funds to business-type activities are also reported in the Statement of Net Assets.

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Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period; under accrual accounting, revenue must be recognized as soon as it is earned, regardless of its availability. Deferred revenue is eliminated in the government-wide financial statements. Also, an allowance for uncollectible receivables is recognized for a portion of the accrued revenue that is expected to be uncollectible.

Deferred Revenue	247,033	
Allowance for Uncollectible Receivables	<u>(45,518)</u>	201,515

Uncollected property taxes related to prior years are recorded as deferred revenue in governmental funds. Likewise, property taxes levied in prior years are recorded as revenues in the current fiscal year as they are collected. These deferred revenues should not be included in the government-wide Statement of Net Assets as they relate to prior periods and were recognized as revenues in prior years.

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Governmental funds report only those liabilities that are expected to be liquidated with current available financial resources. Thus, governmental funds typically do not report any liability for the unmatured portion of long-term debt or any liability that does not consume current available financial resources. However, all liabilities must be reported in the government-wide financial statements. The adjustment to reduce net assets for the unmatured long-term liabilities on the Statement of Net Assets consists of the following:

Bonds and COPs Payable, Net	(422,705)	
Long-Term Notes Payable	(33,999)	
Compensated Employee Absences Payable	(171,780)	
Capital Lease Obligations Payable	(76,074)	
Arbitrage Rebate Payable	(884)	
Interest Payable on Bonds	(5,656)	
Interest Accreted on Capital Appreciation Bonds	(167,358)	
County's Net Pension Obligation for the Extra-Help Employees' Defined Benefit Retirement Plan	(639)	(879,095)

Governmental Accounting Standards Board (GASB) Statement No. 45, *"Accounting and Financial Reporting by Employers of Postemployment Benefits Other Than Pensions"* requires an employer to record a net Other Postemployment Benefits (OPEB) obligation (asset) for the difference between the annual required contribution (ARC) and the amounts actually contributed to the OPEB Plan. In FY 2010-11, the County contributed less than the ARC to the Retiree Medical Trust, reducing the net OPEB asset reported on the Statement of Net Assets.

41,609

Net Assets of Governmental Activities

\$ 3,978,999