

CITY OF SANTA CLARITA

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

For the year ended June 30, 2004

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		\$ 9,902,341
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 as depreciation expense. This is the amount by which capitalizable capital outlays (\$19,941,435) exceeded depreciation (\$2,065,401) in the current period:		
		17,876,034
The contribution of governmental capital assets to the Transit Enterprise fund is not reported in the governmental funds because there has been no flow of current financial resources. In the statement of activities, both sides of this transaction are reported as transfers:		
		(1,305,282)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources:		
		3,892,964
The issuance of long-term debt provides current financial resources to governmental funds, while the 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount consists of:		
Issuance of debt	\$ (2,590,955)	
Less loan issuance costs	74,000	
Principal repayments on certificates of participation, note and loans	<u>4,332,159</u>	
		1,815,204
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	(107,304)	
Accrued interest	86,076	
Amortization of loan issuance costs	<u>(8,519)</u>	
		(29,747)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. Conversely, collection of these revenues are reported in the governmental funds, but not in the statement of activities since they have been recognized in previous years.		
		1,959,585
Internal service funds are used by management to charge the costs of self-insurance and capital replacements to individual funds. The net revenue of internal service funds is reported with governmental activities.		
		<u>2,464,000</u>
Change in net assets of governmental activities		<u><u>\$ 36,575,099</u></u>

See independent auditors' report and notes to basic financial statements.