

BUNCOMBE COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

Exhibit 4

FOR THE YEAR ENDED JUNE 30, 2007

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

Net changes in fund balances - total governmental funds	\$ (14,754,868)
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 exceeded depreciation in the current period.	11,359,157
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in nets assets differs from the change in fund balance by the cost of the capital assets sold.	(1,580,001)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	950,580
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 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 is the net effect of these differences in the treatment of long-term debt and related items.	17,595,851
Net revenue including transfers, of internal service funds determined to be governmental-type.	<u>1,549,409</u>
Total changes in net assets of governmental activities	<u>\$ 15,120,128</u>

The accompanying notes are an integral part of these financial statements