

**BOYERTOWN AREA SCHOOL DISTRICT**  
**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, 2006*

Net change in fund balances - total governmental funds \$ (6,141,088)

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

Capital outlays are reported in governmental funds 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 exceeds depreciation in the current period. 7,490,418

Because some taxes will not be collected for several months after the  
District's fiscal year ends, they are not considered "available" revenues in the  
governmental funds. Deferred tax revenue decreased by this amount this year. (21,280)

Repayment of bond and note principal is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the statement of net assets. 2,805,000

Repayment of capital lease obligations is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the statement of net assets. 208,274

In the statement of activities, certain operating expenses - compensated absences  
and special termination benefits - are measured by the amounts earned  
during the year. In the governmental funds, however, expenditures  
for these items are measured by the amount of financial resources used. 21,530

Payments to refund bonds are shown as other financing uses in the  
Governmental Funds, but the payments decrease long-term liabilities  
in the statement of net assets 10,321,763

The Internal Service Fund was used by management to pay the costs of being  
self-insured for worker's compensation and dental coverage in prior years.  
The assets and liabilities of the Internal Service Fund are included in the  
governmental activities in the statement of net assets. 26,934

The issuance of long-term debt (e.g. bonds) provides current financial resources  
to governmental funds. This transaction has no impact 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. These amounts represent the related  
activity of the current period.

Bond and note proceeds	(9,576,763)
Bond issuance costs	130,143
Bond discount	5,114
Amortization of issuance costs	(23,267)
Amortization of bond premium / discount	50,290

Interest on long-term debt in the statement of activities differs from the amount  
reported in the governmental funds because interest is recognized as an  
expenditure in the funds when it is due and thus requires the use of current  
financial resources. In the statement of activities, however, interest expense  
is recognized as the interest accrues, regardless of when it is due. (2,090)

Change in net assets of governmental activities \$ 5,294,978

The accompanying notes are an integral part of the financial statements