

CITY OF ALBUQUERQUE, NEW MEXICO
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, 2007

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Net Activities:

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| Net change in fund balances – total governmental funds (page 32) | \$ | 1,591,378 |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation in the current period. This is the amount by which capital outlays exceeded depreciation in the current period. | | 101,089,470 |
| The issuance of long-term debt (e.g., bonds, leases) 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 transactions, 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 is the net effect of these differences in the treatment of long-term debt and related items. | | 45,886,210 |
| Internal service funds are used by the City to charge the cost of tort liability, workers compensation and employee health insurance to other individual funds. In addition, the cost of providing communications, fleet maintenance and supplies warehousing services are also charged. The net revenue of the internal service funds is reported with governmental activities. | | 7,861,759 |
| Under the modified accrual basis of accounting used in the governmental funds, revenue is recognized when available to provide financing resources for the current period. Likewise, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, revenues and related receivable and expenses and related liabilities are reported regardless of when financial resources are available. This adjustment combines the net change of balances. | | (4,883,886) |
| Interest earned on loans receivable are not available for collections and are not included in the governmental fund financial statements. However, the accrued interest is reported in the governmental-wide financial statements. | | 1,652 |
| 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. | | <u>(1,304,790)</u> |
| Change in net assets of governmental activities (page 27) | \$ | <u>150,241,793</u> |

The accompanying notes are an integral part of these financial statements