

CITY OF PORTSMOUTH, VIRGINIA

Exhibit C

Balance Sheet

Governmental Funds

June 30, 2004

| | General | Capital Improvements | Other Governmental Funds | Total |
|--|----------------------|-------------------------|--------------------------------|-------------------|
| Assets: | | | | |
| Cash and temporary investments (note 3) | \$ 5,167,120 | 6,123,289 | 6,950,137 | 18,240,546 |
| Restricted cash and temporary investments (note 3) | 1,049,775 | - | - | 1,049,775 |
| Receivables (net of allowance for uncollectibles of \$4,455,143): | | | | |
| Taxes | 3,762,728 | - | - | 3,762,728 |
| Accounts | 4,295,530 | 239,440 | 142,028 | 4,676,998 |
| Due from other funds (note 10) | 7,937,444 | - | - | 7,937,444 |
| Due from component units (note 10) | 1,052,101 | - | - | 1,052,101 |
| Due from other governments (note 11) | 7,081,937 | 150,000 | 4,575,386 | 11,807,323 |
| Inventory of supplies | 36,981 | - | - | 36,981 |
| Notes receivable from component units (note 12) | 4,825,234 | - | - | 4,825,234 |
| Notes receivable (note 12) | - | 6,216 | - | 6,216 |
| Total assets | \$ 35,208,850 | 6,518,945 | 11,667,551 | 53,395,346 |
| Liabilities: | | | | |
| Accounts payable | \$ 4,009,451 | 785,145 | 1,531,330 | 6,325,926 |
| Deposits | 13,259 | 259,890 | 12,000 | 285,149 |
| Due to other governments (note 11) | - | - | 18,158 | 18,158 |
| Due to other funds (note 10) | - | 1,345,740 | 2,104,215 | 3,449,955 |
| Due to component units (note 10) | - | - | 65,877 | 65,877 |
| Deferred revenues (notes 7 and 12) | 9,136,153 | 6,216 | - | 9,142,369 |
| Total liabilities | 13,158,863 | 2,396,991 | 3,731,580 | 19,287,434 |
| Fund balances: | | | | |
| Reserved for current year encumbrances (notes 2 and 4) | 3,260,540 | 2,021,166 | 730,859 | 6,012,565 |
| Reserved for prior year encumbrances (note 2) | 22,442 | - | - | 22,442 |
| Reserved for revenue maximization (note 2) | - | - | 320,223 | 320,223 |
| Reserved for inventory of supplies (note 2) | 36,981 | - | - | 36,981 |
| Reserved for cemetery care (note 2) | - | - | 1,000,000 | 1,000,000 |
| Unreserved: | | | | |
| Designated for subsequent year's expenditures | - | 2,100,788 | - | 2,100,788 |
| Designated for subsequent year's expenditures - Special Revenue Funds | - | - | 297,701 | 297,701 |
| Undesignated | 18,730,024 | - | - | 18,730,024 |
| Undesignated - Special Revenue Funds | - | - | 5,467,186 | 5,467,186 |
| Undesignated - Permanent Fund | - | - | 120,002 | 120,002 |
| Total fund balances | 22,049,987 | 4,121,954 | 7,935,971 | 34,107,912 |
| Total liabilities and fund balances | \$ 35,208,850 | 6,518,945 | 11,667,551 | 53,395,346 |

See accompanying notes to basic financial statements.

(continued)

CITY OF PORTSMOUTH, VIRGINIA

Exhibit C, Continued

Balance Sheet - Reconciliation of the Statement of Net Assets
to the Balance Sheet

Governmental Funds

June 30, 2004

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

| | |
|--|---------------|
| Total fund balances for governmental funds | \$ 34,107,912 |
|--|---------------|

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

| | | |
|------------------------------------|---------------|-------------|
| Land | 25,483,223 | |
| Site improvements | 1,436,092 | |
| Infrastructure | 454,545,568 | |
| Buildings | 162,287,783 | |
| Machinery, furniture and equipment | 17,563,450 | |
| Construction in progress | 55,840,390 | |
| Accumulated depreciation | (333,608,353) | 383,548,153 |

| | |
|---|---------|
| Other assets (bond issuance costs) used in governmental activities are not financial resources and therefore are not reported in the funds. | 955,608 |
|---|---------|

| | |
|--|-----------|
| Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenue in the funds. | 4,249,000 |
|--|-----------|

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. Those liabilities consist of:

| | | |
|--|---------------|---------------|
| Compensated absences | (5,938,004) | |
| Accrued interest payable | (2,983,816) | |
| General obligation bonds | (127,030,115) | |
| Deferred amount on refunding | 4,971,929 | |
| Obligations under capital leases | (20,517,538) | |
| Obligations under notes payable | (7,980,000) | |
| Obligations under line of credit | (5,139,951) | |
| Obligations under cooperation agreements | (53,143,736) | |
| Literary loans | (4,800,000) | (222,561,231) |

| | |
|---|--------------|
| Internal service funds are used by the City to charge costs of certain activities to individual funds. The assets and liabilities of internal service funds are reported as components of other governmental funds. | (17,106,804) |
|---|--------------|

| | |
|---------------------------------------|----------------|
| Net assets of governmental activities | \$ 183,192,638 |
|---------------------------------------|----------------|

See accompanying notes to basic financial statements.