

CITY OF PORTSMOUTH, VIRGINIA

Exhibit D

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2005

	General	Capital Improvements	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 116,523,150	-	-	116,523,150
Intergovernmental	35,426,329	-	31,239,145	66,665,474
Charges for services	3,261,439	-	6,406,846	9,668,285
Investment income	627,453	187,896	75,956	891,305
Recovered costs	3,460,190	-	-	3,460,190
Fines and forfeitures	409,096	-	-	409,096
Licenses and permits	991,695	-	-	991,695
Use of property	2,340,429	105,584	2,417,417	4,863,430
Sale of commodities and property	-	2,064	-	2,064
Miscellaneous	1,530,627	94,962	874,220	2,499,809
Total revenues	164,570,408	390,506	41,013,584	205,974,498
Expenditures:				
Current:				
General government	13,001,480	-	414,191	13,415,671
Nondepartmental	5,977,663	-	-	5,977,663
Judicial	14,749,467	-	1,573,481	16,322,948
Public safety	45,156,839	-	1,015,230	46,172,069
Public works	13,338,096	-	1,311,921	14,650,017
Health and welfare	1,192,367	-	31,792,959	32,985,326
Parks, recreational and cultural	10,149,005	-	1,381,150	11,530,155
Community development	4,050,757	-	5,807,884	9,858,641
Education	31,352,585	-	-	31,352,585
Debt service	20,395,126	110,074	-	20,505,200
Capital outlay	1,715,354	16,175,729	837,886	18,728,969
Total expenditures	161,078,739	16,285,803	44,134,702	221,499,244
Revenues over (under) expenditures	3,491,669	(15,895,297)	(3,121,118)	(15,524,746)
Other financing sources (uses):				
Transfers from other funds (note 10)	9,001,087	2,002,366	5,343,488	16,346,941
Transfers to other funds (note 10)	(6,785,733)	-	(1,105,880)	(7,891,613)
Proceeds from capital leases (note 5)	1,715,354	-	-	1,715,354
Discount on bonds issued (note 5)	-	(49,926)	-	(49,926)
Proceeds from debt issued (note 5)	-	11,167,049	-	11,167,049
Total other financing sources (uses)	3,930,708	13,119,489	4,237,608	21,287,805
Net change in fund balances	7,422,377	(2,775,808)	1,116,490	5,763,059
Fund balances, beginning of year	22,049,987	4,121,954	7,935,971	34,107,912
Increase in reserve for inventory of supplies	17,944	-	-	17,944
Fund balances, end of year	\$ 29,490,308	1,346,146	9,052,461	39,888,915

See accompanying notes to basic financial statements.

(continued)

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Reconciliation of the
Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities**

Governmental Funds

Year ended June 30, 2005

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

Net change in fund balances - total governmental funds	\$	5,763,059
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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. Donated assets and loss on disposal of assets are not reported in the governmental funds but are reflected in the statement of activities:

Leased assets	1,715,354	
Capital projects closed but not capitalized	(49,769)	
Loss on disposal of assets	(669,914)	
Purchases of assets	16,026,482	
Depreciation expense	(17,101,274)	(79,121)

The issuance of long term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes 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 is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds from debt issued	(12,832,477)	
Principal payments of debt	10,664,670	
Bond issuance costs	135,074	
Amortization expense	(77,380)	(2,110,113)

Some revenues in the statement of activities do not provide the use of current financial resources and therefore, are not reported as revenues in the governmental funds.

2,346,489

Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in inventory	17,944	
Change in compensated absences	(204,473)	
Change in net pension obligation (asset)	571,124	
Change in accrued interest	326,361	710,956

Internal service funds are used by the City to charge costs of certain activities to individual funds. The net revenue of internal service funds is reported as a component of governmental funds.

1,918,567

Change in net assets of governmental activities	\$	8,549,837
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See accompanying notes to basic financial statements.