

CITY OF PORTSMOUTH, VIRGINIA

Exhibit D

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2007

	General	Capital Improvements	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 142,304,393	-	-	142,304,393
Intergovernmental	36,770,277	3,773,230	35,648,759	76,192,266
Charges for services	5,209,763	-	7,331,682	12,541,445
Investment income	724,283	1,949,488	338,769	3,012,540
Recovered costs	3,622,340	-	-	3,622,340
Fines and forfeitures	292,244	-	-	292,244
Licenses and permits	1,341,290	-	-	1,341,290
Use of property	2,174,887	-	871,339	3,046,226
Sale of commodities and property	-	139,440	-	139,440
Miscellaneous	2,258,985	69,538	785,567	3,114,090
Total revenues	194,698,462	5,931,696	44,976,116	245,606,274
Expenditures:				
Current:				
General government	23,137,368	-	92,003	23,229,371
Judicial	16,994,641	-	1,429,949	18,424,590
Public safety	52,557,911	-	966,191	53,524,102
Public works	15,495,937	-	1,596,956	17,092,893
Health and welfare	1,267,040	-	39,495,039	40,762,079
Parks, recreational, and cultural	10,456,164	-	1,554,176	12,010,340
Community development	7,700,461	-	3,718,361	11,418,822
Education	42,683,991	-	-	42,683,991
Debt service	24,390,393	-	-	24,390,393
Capital outlay	-	26,953,334	439,286	27,392,620
Total expenditures	194,683,906	26,953,334	49,291,961	270,929,201
Revenues over (under) expenditures	14,556	(21,021,638)	(4,315,845)	(25,322,927)
Other financing sources (uses):				
Transfers from other funds (note 10)	9,074,539	7,566,756	7,313,241	23,954,536
Transfers to other funds (note 10)	(11,009,963)	-	(4,439,085)	(15,449,048)
Discount on bonds issued (note 5)	(24,491)	-	-	(24,491)
Payments to escrow agent for refunded bonds (note 5)	(36,133,012)	-	-	(36,133,012)
Payment on current refunding of debt (note 5)	(7,980,000)	-	-	(7,980,000)
Premium on bonds issued (note 5)	144,610	165,520	-	310,130
General obligation bonds issued (note 5)	-	23,259,753	-	23,259,753
Issuance of refunding bonds (note 5)	43,640,000	-	-	43,640,000
Total other financing sources (uses)	(2,288,317)	30,992,029	2,874,156	31,577,868
Net change in fund balances	(2,273,761)	9,970,391	(1,441,689)	6,254,941
Fund balances, beginning of year	42,773,807	25,087,690	9,848,431	77,709,928
Increase in reserve for inventory of supplies	21,638	-	-	21,638
Fund balances, end of year	\$ 40,521,684	35,058,081	8,406,742	83,986,507

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, 2007

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

Net change in fund balances - total governmental funds	\$	6,254,941
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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.

Loss on disposal of assets	(6,472,928)	
Purchases of assets	24,029,801	
Depreciation expense	(17,698,510)	(141,637)

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	(67,185,392)	
Principal payments of debt	13,681,588	
Payments to escrow agent	36,133,012	
Payment to current refunding of debt	7,980,000	
Bond issuance costs	595,762	
Amortization expense	(31,773)	(8,826,803)

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.		1,640,040
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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 arbitrage liability	(290,137)	
Change in inventory	21,638	
Change in compensated absences	69,198	
Change in net pension asset	(373,805)	
Change in accrued interest	(700,825)	(1,273,931)

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.		5,713,017
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Change in net assets of governmental activities	\$	3,365,627
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See accompanying notes to basic financial statements.