

CITY OF PORTSMOUTH, VIRGINIA

Exhibit D

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2008

	General	Capital Improvements	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 151,595,074	-	-	151,595,074
Intergovernmental	37,477,569	5,062,734	37,670,193	80,210,496
Charges for services	3,541,533	-	5,723,199	9,264,732
Investment income	134,408	1,421,421	230,215	1,786,044
Recovered costs	4,676,217	-	-	4,676,217
Fines and forfeitures	172,007	-	-	172,007
Licenses and permits	1,153,187	-	-	1,153,187
Use of property	2,148,981	-	604,446	2,753,427
Miscellaneous	4,649,381	122,645	843,253	5,615,279
Total revenues	205,548,357	6,606,800	45,071,306	257,226,463
Expenditures:				
Current:				
General government	17,620,743	-	80,593	17,701,336
Nondepartmental	6,681,149	-	-	6,681,149
Judicial	18,473,388	-	1,395,881	19,869,269
Public safety	57,643,602	-	632,964	58,276,566
Public works	16,517,555	-	1,757,314	18,274,869
Health and welfare	1,241,573	-	41,288,622	42,530,195
Parks, recreational, and cultural	11,193,435	-	1,611,188	12,804,623
Community development	6,954,834	-	2,481,145	9,435,979
Education	49,845,490	-	-	49,845,490
Debt service	27,283,781	-	-	27,283,781
Capital outlay	-	31,338,136	843,860	32,181,996
Total expenditures	213,455,550	31,338,136	50,091,567	294,885,253
Revenues over (under) expenditures	(7,907,193)	(24,731,336)	(5,020,261)	(37,658,790)
Other financing sources (uses):				
Transfers from other funds (note 10)	11,090,274	4,837,877	8,682,577	24,610,728
Transfers to other funds (note 10)	(11,667,838)	-	(3,815,454)	(15,483,292)
Total other financing sources (uses)	(577,564)	4,837,877	4,867,123	9,127,436
Net change in fund balances	(8,484,757)	(19,893,459)	(153,138)	(28,531,354)
Fund balances, beginning of year	40,521,684	35,058,081	8,406,742	83,986,507
Fund balances, end of year	\$ 32,036,927	15,164,622	8,253,604	55,455,153

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, 2008

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

Net change in fund balances - total governmental funds	\$	(28,531,354)
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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	(325,147)	
Purchases of assets	24,560,668	
Depreciation expense	(18,135,486)	6,100,035

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.

Principal payments of debt	15,818,354	
Amortization expense	(192,569)	15,625,785

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.	(113,443)
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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	(88,614)	
Change in compensated absences	(573,059)	
Change in other post employment benefit obligation	(9,926,817)	
Change in net pension asset	279,966	
Change in accrued interest	104,539	(10,203,985)

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.

	13,792,022
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Change in net assets of governmental activities	\$	(3,330,940)
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See accompanying notes to basic financial statements.