

CITY OF PORTSMOUTH, VIRGINIA

Exhibit D

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2009

	General	Capital Improvements	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 161,152,304	-	-	161,152,304
Intergovernmental	37,174,022	500,000	38,466,379	76,140,401
Charges for services	2,243,822	-	5,945,216	8,189,038
Investment income	93,418	504,448	53,318	651,184
Recovered costs	4,135,037	-	-	4,135,037
Fines and forfeitures	173,529	-	-	173,529
Licenses and permits	926,923	-	-	926,923
Use of property	2,146,161	-	383,870	2,530,031
Miscellaneous	3,921,425	41,144	593,700	4,556,269
Total revenues	211,966,641	1,045,592	45,442,483	258,454,716
Expenditures:				
Current:				
General government	15,921,024	-	225,219	16,146,243
Nondepartmental	9,503,827	-	-	9,503,827
Judicial	18,778,895	-	1,826,143	20,605,038
Public safety	57,960,178	-	1,049,804	59,009,982
Public works	15,671,185	-	1,741,892	17,413,077
Health and welfare	1,240,194	-	39,822,236	41,062,430
Parks, recreational, and cultural	10,923,216	-	1,307,588	12,230,804
Community development	6,238,976	-	2,794,754	9,033,730
Education	49,818,483	-	-	49,818,483
Debt service	24,581,466	-	-	24,581,466
Capital outlay	358,080	21,103,394	176,908	21,638,382
Total expenditures	210,995,524	21,103,394	48,944,544	281,043,462
Revenues over (under) expenditures	971,117	(20,057,802)	(3,502,061)	(22,588,746)
Other financing sources (uses):				
Transfers from other funds (note 10)	9,788,000	2,888,553	7,585,134	20,261,687
Transfers to other funds (note 10)	(8,364,518)	-	(2,772,789)	(11,137,307)
Discount on bonds issued (note 5)	(351,552)	-	-	(351,552)
Payments to escrow agent for refunded bonds (note 5)	(45,565,623)	-	-	(45,565,623)
Proceeds from capital leases (note 5)	358,080	-	-	358,080
Premium on bonds issued (note 5)	994,187	-	-	994,187
Proceeds - Cost of Issuance	263,596	(105,853)	-	157,743
BAN Proceeds	-	29,925,000	-	29,925,000
Issuance of refunding bonds (note 5)	45,725,000	-	-	45,725,000
Total other financing sources (uses)	2,847,170	32,707,700	4,812,345	40,367,215
Net change in fund balances	3,818,287	12,649,898	1,310,284	17,778,469
Fund balances, beginning of year	32,036,927	15,164,622	8,253,604	55,455,153
Fund balances, end of year	\$ 35,855,214	27,814,520	9,563,888	73,233,622

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, 2009

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

Net change in fund balances - total governmental funds	\$	17,778,469
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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.

Purchases of assets	17,607,999	
Depreciation expense	(18,245,300)	(637,301)

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	(76,660,715)	
Principal payments of debt	12,690,310	
Payments to escrow agent	45,358,400	
Bond issuance costs	918,022	
Amortization expense	(152,419)	(17,846,402)

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.

204,620

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	292,549	
Change in compensated absences	164,882	
Change in other post employment benefit obligation	(7,308,527)	
Change in net pension asset	(320,611)	
Change in accrued interest	318,627	(6,853,080)

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.

5,869,160

Change in net assets of governmental activities	\$	(1,484,534)
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See accompanying notes to basic financial statements.