

CITY OF PORTSMOUTH, VIRGINIA

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2004

	General	Capital Improvements	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 105,968,051	-	-	105,968,051
Intergovernmental	34,915,195	551,682	30,476,790	65,943,667
Charges for services	10,608,859	-	6,421,022	17,029,881
Investment income	48,290	47,013	28,273	123,576
Recovered costs	2,992,593	-	-	2,992,593
Fines and forfeitures	480,247	-	-	480,247
Licenses and permits	952,160	-	-	952,160
Use of property	2,649,656	15,340	316,240	2,981,236
Sale of commodities and property	-	46,690	250,201	296,891
Miscellaneous	1,485,522	631,977	729,897	2,847,396
Total revenues	160,100,573	1,292,702	38,222,423	199,615,698
Expenditures:				
Current:				
General government	11,570,769	-	329,429	11,900,198
Nondepartmental	4,904,095	-	-	4,904,095
Judicial	15,984,069	-	1,516,565	17,500,634
Public safety	40,338,681	-	953,250	41,291,931
Public works	14,923,657	-	1,317,874	16,241,531
Health and welfare	1,199,446	-	29,512,096	30,711,542
Parks, recreational and cultural	10,062,160	-	1,696,054	11,758,214
Community development	3,338,283	-	3,670,846	7,009,129
Education	28,390,142	151,149	-	28,541,291
Debt service	19,594,619	233,587	-	19,828,206
Capital outlay	-	13,014,857	178,024	13,192,881
Total expenditures	150,305,921	13,399,593	39,174,138	202,879,652
Revenues over (under) expenditures	9,794,652	(12,106,891)	(951,715)	(3,263,954)
Other financing sources (uses):				
Transfers from other funds (note 10)	3,513,997	1,165,000	4,745,453	9,424,450
Transfers to other funds (note 10)	(8,153,639)	-	(915,000)	(9,068,639)
Payments to escrow agent for refunded bonds	-	(69,336,929)	-	(69,336,929)
Proceeds from debt issued	-	80,715,550	-	80,715,550
Total other financing sources (uses)	(4,639,642)	12,543,621	3,830,453	11,734,432
Net change in fund balances	5,155,010	436,730	2,878,738	8,470,478
Fund balances, beginning of year	16,902,767	3,685,224	5,057,233	25,645,224
Increase in reserve for inventory of supplies	(7,790)	-	-	(7,790)
Fund balances, end of year	\$ 22,049,987	4,121,954	7,935,971	34,107,912

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, 2004

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

Net change in fund balances - total governmental funds	\$	8,470,478
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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:

Donated assets	1,540,360	
Loss on disposal of assets	(59,646)	
Purchases of assets	12,928,246	
Depreciation expense	(16,817,069)	(2,408,109)

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	(80,715,550)	
Principal payments of debt	11,419,698	
Payments to escrow agent	69,336,929	
Bond issuance costs	233,587	
Amortization expense	(53,395)	221,269

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.	(398,629)
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Some expenditures 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	(7,790)	
Change in compensated absences	(125,754)	
Change in accrued interest	(535,568)	(669,112)

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.	4,674,962
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Change in net assets of governmental activities	\$	9,890,859
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See accompanying notes to basic financial statements.