

## Balance Sheet

## Governmental Funds

June 30, 2007

	General	Capital Improvements	Other Governmental Funds	Total
<b>Assets:</b>				
Cash and temporary investments (note 3)	\$ 16,013,718	33,612,523	8,238,662	57,864,903
Cash with fiscal agent (note 3)	3,204	-	-	3,204
Restricted cash and temporary investments (note 3)	-	5,001,206	-	5,001,206
Receivables (net of allowance for uncollectibles of \$3,283,425):				
Taxes	10,420,383	-	-	10,420,383
Accounts	4,991,930	-	767,099	5,759,029
Due from other funds (note 10)	3,418,605	-	-	3,418,605
Due from component units (note 10)	93,594	-	-	93,594
Due from other governments (note 11)	11,502,617	-	4,996,362	16,498,979
Prepaid items	476,996	-	2,223	479,219
Inventory of supplies	78,194	-	-	78,194
Advances receivable	3,841,607	-	-	3,841,607
Notes receivable (note 12)	-	4,152	-	4,152
<b>Total assets</b>	<b>\$ 50,840,848</b>	<b>38,617,881</b>	<b>14,004,346</b>	<b>103,463,075</b>
<b>Liabilities:</b>				
Accounts payable	\$ 2,618,036	2,953,884	2,215,467	7,787,387
Deposits	12,005	360,676	-	372,681
Due to other governments (note 11)	-	-	17,351	17,351
Due to other funds (note 10)	-	-	3,248,277	3,248,277
Due to component units (note 10)	-	241,088	104,075	345,163
Deferred revenues (note 12)	7,689,123	4,152	12,434	7,705,709
<b>Total liabilities</b>	<b>10,319,164</b>	<b>3,559,800</b>	<b>5,597,604</b>	<b>19,476,568</b>
<b>Fund balances:</b>				
Reserved for encumbrances (notes 2 and 4)	1,149,250	10,080,654	1,707,183	12,937,087
Reserved for advances (note 2)	3,841,607	-	-	3,841,607
Reserved for revenue maximization (note 2)	-	-	204,358	204,358
Reserved for inventory of supplies (note 2)	78,194	-	-	78,194
Reserved for cemetery care (note 2)	-	-	1,000,000	1,000,000
Unreserved:				
Designated for subsequent year's expenditures	53,521	24,977,427	-	25,030,948
Designated for subsequent year's expenditures - Special Revenue Funds	-	-	330,501	330,501
Undesignated	35,399,112	-	-	35,399,112
Undesignated - Capital Projects Funds	-	-	(735,444)	(735,444)
Undesignated - Special Revenue Funds	-	-	5,602,540	5,602,540
Undesignated - Permanent Fund	-	-	297,604	297,604
<b>Total fund balances</b>	<b>40,521,684</b>	<b>35,058,081</b>	<b>8,406,742</b>	<b>83,986,507</b>
<b>Total liabilities and fund balances</b>	<b>\$ 50,840,848</b>	<b>38,617,881</b>	<b>14,004,346</b>	<b>103,463,075</b>

See accompanying notes to basic financial statements.

(continued)

**CITY OF PORTSMOUTH, VIRGINIA**

**Exhibit C, Continued**

**Balance Sheet - Reconciliation of the Balance Sheet  
to the Statement of Net Assets**

**Governmental Funds**

**June 30, 2007**

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

Total fund balances for governmental funds		\$ 83,986,507
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	17,372,193	
Site improvements	1,436,092	
Infrastructure	466,881,964	
Buildings	181,726,580	
Machinery, furniture and equipment	19,279,182	
Construction in progress	78,972,710	
Accumulated depreciation	(382,077,695)	383,591,026
Other assets (bond issuance costs) used in governmental activities are not financial resources and therefore are not reported in the funds.		
		1,865,772
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenue in the funds.		
		7,701,557
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. Those liabilities consist of:		
Compensated absences	(6,729,201)	
Net pension asset	65,015	
Accrued interest payable	(3,997,147)	
General obligation bonds	(217,813,724)	
Obligations under capital leases	(11,833,721)	
Obligations under notes payable	(6,794,220)	
Arbitrage liability	(290,137)	
Literary loans	(3,375,000)	(250,768,135)
Internal service funds are used by the City to charge costs of certain activities to individual funds. The assets and liabilities of internal service funds are reported as components of other governmental funds.		
		(5,387,393)
Net assets of governmental activities		\$ 220,989,334

See accompanying notes to basic financial statements.