

**CITY OF NEWPORT NEWS, VIRGINIA**  
Combining Statement of Net Assets  
Non-Major Component Units  
June 30, 2006

<b>Assets</b>	<b>Peninsula Airport Commission</b>	<b>Economic and Industrial Development Authorities</b>	<b>Totals</b>
Current Assets:			
Cash and cash equivalents	\$ 3,897,987	3,650,359	7,548,346
Restricted cash and investments	-	49,564,975	49,564,975
Receivables:			
Accounts	1,067,351	151,982	1,219,333
Loans	-	117,080	117,080
Mortgages	-	139,974	139,974
Primary government Commonwealth of Virginia	235,000	-	235,000
Net investment in direct financing leases	-	4,150,000	4,150,000
Inventories	67,398	1,306,875	1,306,875
Other current assets	5,000	-	5,000
Total current assets	<u>5,272,736</u>	<u>59,081,245</u>	<u>64,353,981</u>
Restricted cash and investments	12,805,280	446,554	13,251,834
Receivables:			
Loans	-	551,861	551,861
Mortgages	-	844,808	844,808
Notes	-	3,700,000	3,700,000
Primary government Commonwealth of Virginia	5,125,000	-	5,125,000
Land held for lease or resale	-	19,010,000	19,010,000
Net investment in direct financing leases	-	16,522,873	16,522,873
Other noncurrent assets	194,923	14,787,664	14,787,664
Property, plant and equipment:			
Land	5,712,070	1,043,979	1,238,902
Construction in progress	7,057,055	-	5,712,070
Infrastructure	-	40,474,299	47,531,354
Buildings	-	1,521,049	1,521,049
Improvements	-	99,102,130	99,102,130
Airfield	57,665,698	10,267,249	10,267,249
Terminal	37,689,772	-	57,665,698
Trailer park and rental units	2,031,344	-	37,689,772
Machinery and equipment	3,304,447	-	2,031,344
Accumulated depreciation	(41,484,687)	96,674	3,401,121
Total assets	<u>\$ 95,373,638</u>	<u>251,797,464</u>	<u>347,171,102</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	\$ 214,676	1,749,809	1,964,485
Accrued liabilities	466,773	268,547	735,320
Deposits/deferred revenue	37,908	39,797	77,705
Due to primary government	-	861,429	861,429
General obligation bonds payable - due within one year	389,772	9,646,983	10,036,755
Total current liabilities	<u>1,109,129</u>	<u>12,566,565</u>	<u>13,675,694</u>
Due to primary government	-	16,067,642	16,067,642
Due to Newport News Public Schools	-	347,877	347,877
General obligation bonds payable	17,672,015	183,379,137	201,051,152
Total liabilities	<u>18,781,144</u>	<u>212,361,221</u>	<u>231,142,365</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	53,913,912	30,024,240	83,938,152
Restricted for:			
Capital projects	-	2,834,062	2,834,062
Capital loans	12,805,168	1,272,829	14,077,997
Unrestricted	9,873,414	5,305,112	15,178,526
Total net assets	<u>76,592,494</u>	<u>39,436,243</u>	<u>116,028,737</u>
Total liabilities and net assets	<u>\$ 95,373,638</u>	<u>251,797,464</u>	<u>347,171,102</u>

**CITY OF NEWPORT NEWS, VIRGINIA**  
Combining Statement of Revenues, Expenses and Changes in Net Asset  
Non-Major Component Units  
Year ended June 30, 2006

	<b>Peninsula Airport Commission</b>	<b>Economic and Industrial Development Authorities</b>	<b>Totals</b>
Operating revenues:			
Charges for services	\$ 6,429,107	-	6,429,107
Parking contributions	-	-	-
Property rentals	-	9,621,752	9,621,752
Land sales	-	297,206	297,206
Intergovernmental-PAC	-	147,150	147,150
Intergovernmental-primary government	-	4,585,029	4,585,029
Total operating revenues	<u>6,429,107</u>	<u>14,651,137</u>	<u>21,080,244</u>
Operating expenses:			
Cost of land sold	-	203,041	203,041
Personal services	3,077,752	273,755	3,351,507
Contractual services	193,952	1,968,964	2,162,916
Materials and supplies	1,378,958	501,530	1,880,488
Depreciation and amortization	3,312,906	2,539,313	5,852,219
Real estate commissions	-	35,167	35,167
Rental expenses	-	448,442	448,442
Miscellaneous	764,291	438,385	1,202,676
Total operating expenses	<u>8,727,859</u>	<u>6,408,597</u>	<u>15,136,456</u>
Operating income (loss)	<u>(2,298,752)</u>	<u>8,242,540</u>	<u>5,943,788</u>
Nonoperating revenues (expenses)			
Interest revenue	475,074	1,323,204	1,798,278
Bond and admin fee income	-	320,034	320,034
Interest expense	(415,943)	(6,033,630)	(6,449,573)
Letter of credit and trustee fee:	-	(107,406)	(107,406)
Amortization - bond costs	(11,741)	-	(11,741)
Other revenues (expenses)	(1,362)	30,540	29,178
Nonoperating expenses, net	<u>46,028</u>	<u>(4,467,258)</u>	<u>(4,421,230)</u>
Capital contributions, net	<u>5,696,641</u>	<u>-</u>	<u>5,696,641</u>
Change in net assets	<u>3,443,917</u>	<u>3,775,282</u>	<u>7,219,199</u>
Net assets at June 30, 2005	<u>73,148,577</u>	<u>35,660,961</u>	<u>108,809,538</u>
Net assets at June 30, 2006	<u>\$ 76,592,494</u>	<u>39,436,243</u>	<u>116,028,737</u>

**CITY OF NEWPORT NEWS, VIRGINIA**  
Combining Statement of Cash Flows  
Non-Major Component Units  
Year ended June 30, 2006

	<b>Peninsula Airport Commission</b>	<b>Economic and Industrial Development Authorities</b>	<b>Totals</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 6,356,427	14,568,366	20,924,793
Receipts from land sales and new loans, net of settlement charges	-	157,206	157,206
Payments to suppliers	(2,331,920)	(3,207,121)	(5,539,041)
Payments to employees	(3,087,397)	(273,755)	(3,361,152)
Net cash provided by operating activities	<u>937,110</u>	<u>11,244,696</u>	<u>12,181,806</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(7,931,453)	(29,214,763)	(37,146,216)
Capital contributions, net	6,608,230	-	6,608,230
Proceeds from issuance of bonds and industrial revenue bonds	10,000,000	52,895,414	62,895,414
Repayment and retirement of industrial revenue bonds and notes payable	(293,494)	(7,919,742)	(8,213,236)
Proceeds from Newport News Public School	-	31,354	31,354
Proceeds from primary government	-	549,842	549,842
Payment to primary government	-	(1,027,952)	(1,027,952)
Bond costs	(1,492)	(725,686)	(727,178)
Interest paid	(445,943)	(6,029,516)	(6,475,459)
Other revenue, net	-	243,168	243,168
Net cash used in capital and related financing activities	<u>7,935,848</u>	<u>8,802,119</u>	<u>16,737,967</u>
<b>Cash flows from investing activities</b>			
Net investment in direct financing leases	-	4,524,428	4,524,428
Interest received	468,025	1,312,297	1,780,322
Decrease in restricted investments, net	(10,454,603)	-	(10,454,603)
Other investments	-	-	-
Net cash provided by investing activities	<u>(9,986,578)</u>	<u>5,836,725</u>	<u>(4,149,853)</u>
Increase (decrease) in cash and cash equivalents at beginning of year	(1,113,620)	25,883,540	24,769,920
Cash, cash equivalents and restricted cash at beginning of year	<u>5,011,607</u>	<u>27,755,754</u>	<u>32,767,361</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 3,897,987</u>	<u>53,639,294</u>	<u>57,537,281</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>			
Operating income (loss)	\$ (2,298,752)	8,242,539	5,943,787
Adjustment to reconcile operating income to cash provided by operating activities			
Depreciation	3,312,906	2,539,313	5,852,219
Write-off of construction in progress	-	121,818	121,818
Changes in assets and liabilities:			
Loans receivable	-	(140,000)	(140,000)
Mortgages receivable	-	148,487	148,487
Other receivables	(71,318)	93,932	22,614
Inventories	(13,470)	203,041	189,571
Other assets (expenses), net	11,220	-	11,220
Accounts payable and accrued liabilities	(3,476)	(65,865)	(69,341)
Construction accounts payable	-	61,634	61,634
Deferred revenue	-	39,797	39,797
Net cash provided by operating activities	<u>\$ 937,110</u>	<u>11,244,696</u>	<u>12,181,806</u>
<b>Supplemental disclosure:</b>			
<b>Noncash capital activities:</b>			
Payment by State on VASCIC bonds	\$ -	3,940,000	3,940,000
<b>Noncash investing and financing activities:</b>			
Construction costs financed by accounts payable	\$ 115,836	-	115,836
Contributed capital funded by accounts receivable	636,671	-	636,671