

**CITY OF NEWPORT NEWS, VIRGINIA**  
Combining Statement of Net Assets  
Non-Major Component Units  
June 30, 2008

<b>Assets</b>	<b>Peninsula Airport Commission</b>	<b>Economic and Industrial Development Authorities</b>	<b>Totals</b>
Current Assets:			
Cash and cash equivalents	\$ 5,139,406	7,359,420	12,498,826
Restricted cash and investments	-	18,709,402	18,709,402
Receivables:			
Accounts	373,044	283,087	656,131
Loans	-	103,232	103,232
Mortgages	-	267,742	267,742
Federal Aviation Administration	460,458	-	460,458
Primary government	260,000	-	260,000
Commonwealth of Virginia	-	4,615,000	4,615,000
Net investment in direct financing leases	-	1,409,523	1,409,523
Inventories	82,285	-	82,285
Other current assets	7,000	-	7,000
Total current assets	6,322,193	32,747,406	39,069,599
Restricted cash and investments	3,082,558	460,759	3,543,317
Receivables:			
Loans	-	295,041	295,041
Mortgages	-	499,493	499,493
Notes	-	3,037,590	3,037,590
Primary government	4,615,000	-	4,615,000
Commonwealth of Virginia	-	10,025,000	10,025,000
Land held for lease or resale	-	18,410,001	18,410,001
Net investment in direct financing leases	-	12,311,981	12,311,981
Other noncurrent assets	170,287	975,487	1,145,774
Property, plant and equipment:			
Land	6,178,859	-	6,178,859
Construction in progress	4,145,064	31,854,511	35,999,575
Infrastructure	-	2,527,162	2,527,162
Buildings	-	148,120,306	148,120,306
Improvements	-	13,850,289	13,850,289
Airfield	66,542,888	-	66,542,888
Terminal	48,341,930	-	48,341,930
Trailer park and rental units	2,031,344	-	2,031,344
Machinery and equipment	3,370,658	84,674	3,455,332
Accumulated depreciation	(49,480,195)	(24,066,023)	(73,546,218)
Total assets	\$ 95,320,586	251,133,677	346,454,263
	<b>Liabilities</b>		
Current Liabilities			
Accounts payable	\$ 750,412	263,190	1,013,602
Accrued liabilities	433,582	306,137	739,719
Deposits/deferred revenue	568,415	56,887	625,302
Due to primary government	-	1,032,332	1,032,332
Bonds payable - due within one year	562,000	12,498,535	13,060,535
Total current liabilities	2,314,409	14,157,081	16,471,490
Due to primary government	-	14,940,173	14,940,173
Note payable	-	4,278,282	4,278,282
Due to Newport News Public Schools	-	356,332	356,332
Bonds payable	16,551,902	158,807,724	175,359,626
Other post-retirement employee benefits (OPEB) liability	643,881	-	643,881
Total liabilities	19,510,192	192,539,592	212,049,784
	<b>Net Assets</b>		
Invested in capital assets, net of related debt	64,016,646	41,153,514	105,170,160
Restricted for:			
Capital projects	3,082,558	15,851,625	18,934,183
Capital loans	-	1,342,262	1,342,262
Unrestricted	8,711,190	246,684	8,957,874
Total net assets	75,810,394	58,594,085	134,404,479
Total liabilities and net assets	\$ 95,320,586	251,133,677	346,454,263

**CITY OF NEWPORT NEWS, VIRGINIA**  
Combining Statement of Revenues, Expenses and Changes in Net Assets  
Non-Major Component Units  
Year ended June 30, 2008

	<b>Peninsula Airport Commission</b>	<b>Economic and Industrial Development Authorities</b>	<b>Totals</b>
<b>Operating revenues:</b>			
Charges for services	\$ 8,073,997	-	8,073,997
Property rentals	-	10,727,144	10,727,144
Parking contributions	-	118,865	118,865
Land sales	-	785,743	785,743
Intergovernmental-PAC	-	210,681	210,681
Intergovernmental-Parking Authority	-	392,229	392,229
Intergovernmental-primary government	-	8,765,456	8,765,456
Total operating revenues	<u>8,073,997</u>	<u>21,000,118</u>	<u>29,074,115</u>
<b>Operating expenses:</b>			
Cost of land sold	-	205,926	205,926
Personal services	3,970,659	367,473	4,338,132
Contractual services	1,942,102	3,666,445	5,608,547
Materials and supplies	982,551	585,674	1,568,225
Depreciation and amortization	4,460,402	3,856,306	8,316,708
Real estate commissions	-	84,314	84,314
Rental expenses	-	924,945	924,945
Miscellaneous	113,059	566,060	679,119
Total operating expenses	<u>11,468,773</u>	<u>10,257,143</u>	<u>21,725,916</u>
Operating income (loss)	<u>(3,394,776)</u>	<u>10,742,975</u>	<u>7,348,199</u>
<b>Nonoperating revenues (expenses):</b>			
Interest revenue	443,194	1,106,019	1,549,213
Bond and admin fee income	-	188,627	188,627
Interest expense	(849,140)	(7,142,190)	(7,991,330)
Letter of credit and trustee fees	-	(112,888)	(112,888)
Amortization - bond costs	(12,318)	-	(12,318)
Other revenues (expenses)	25,704	409,051	434,755
OPEB expense	(686,569)	-	(686,569)
Nonoperating expenses, net	<u>(1,079,129)</u>	<u>(5,551,381)</u>	<u>(6,630,510)</u>
Capital contributions, net	2,192,391	-	2,192,391
Change in net assets	<u>(2,281,514)</u>	<u>5,191,594</u>	<u>2,910,080</u>
Net assets at June 30, 2007	<u>78,091,908</u>	<u>53,402,491</u>	<u>131,494,399</u>
Net assets at June 30, 2008	<u>\$ 75,810,394</u>	<u>58,594,085</u>	<u>134,404,479</u>

**CITY OF NEWPORT NEWS, VIRGINIA**

Statement of Cash Flows  
Non-Major Component Units  
Year ended June 30, 2008

	<b>Peninsula Airport Commission</b>	<b>Economic and Industrial Development Authorities</b>	<b>Totals</b>
Cash flows from operating activities:			
Receipts from customers	\$ 8,110,412	20,191,978	28,302,390
Receipts from land sales and new loans, net of settlement charges	-	1,051,795	1,051,795
Payments to suppliers	(2,924,925)	(5,556,200)	(8,481,125)
Payments to employees	(3,970,659)	(367,473)	(4,338,132)
Net cash provided by operating activities	<u>1,214,828</u>	<u>15,320,100</u>	<u>16,534,928</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(4,536,749)	(8,858,687)	(13,395,436)
Capital contributions, net	2,978,535	2,222,119	5,200,654
Repayment and retirement of industrial revenue bonds and notes payable	(540,521)	(7,681,631)	(8,222,152)
Proceeds from Newport News Public Schools	-	31,188	31,188
Proceeds from primary government	250,000	553,758	803,758
Payment to primary government	-	(1,086,374)	(1,086,374)
Interest paid	(849,140)	(7,134,712)	(7,983,852)
Other revenue (expenses), net	(2,510)	484,790	482,280
Net cash used in capital and related financing activities	<u>(2,700,385)</u>	<u>(21,469,549)</u>	<u>(24,169,934)</u>
Cash flows from investing activities:			
Net investment in direct financing leases	-	1,066,158	1,066,158
Interest received	442,172	1,125,942	1,568,114
Increase in restricted investments, net	2,492,691	-	2,492,691
Net cash provided by investing activities	<u>2,934,863</u>	<u>2,192,100</u>	<u>5,126,963</u>
Increase (decrease) in cash and cash equivalents at beginning of year	1,449,306	(3,957,349)	(2,508,043)
Cash, cash equivalents and restricted cash at beginning of year, as adjusted	<u>3,690,100</u>	<u>30,480,587</u>	<u>34,170,687</u>
Cash, cash equivalents and restricted cash at end of year	\$ <u>5,139,406</u>	<u>26,523,238</u>	<u>31,662,644</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (3,394,776)	10,742,976	7,348,200
Adjustment to reconcile operating income to cash provided by operating activities:			
Depreciation	4,460,402	3,856,307	8,316,709
OPEB expense paid	(42,688)	-	(42,688)
Write-off of construction in progress	-	1,540,322	1,540,322
Changes in assets and liabilities:			
Changes in land inventory	-	(670,389)	(670,389)
Mortgages receivable	-	266,052	266,052
Other receivables	10,711	(51,768)	(41,057)
Inventories	(3,566)	-	(3,566)
Other assets (expenses), net	37,596	70,020	107,616
Accounts payable and accrued liabilities	(55,713)	(139,826)	(195,539)
Construction accounts payable	-	(322,965)	(322,965)
Deferred revenue	202,862	29,371	232,233
Net cash provided by operating activities	\$ <u>1,214,828</u>	<u>15,320,100</u>	<u>16,577,616</u>
Supplemental disclosure:			
Noncash capital activities:			
Payment by State on VASCIC bonds	\$ -	4,370,000	4,370,000
Noncash investing and financing activities:			
Construction costs financed by accounts payable	\$ 558,045	-	558,045
Contributed capital funded by accounts receivable	460,458	-	460,458