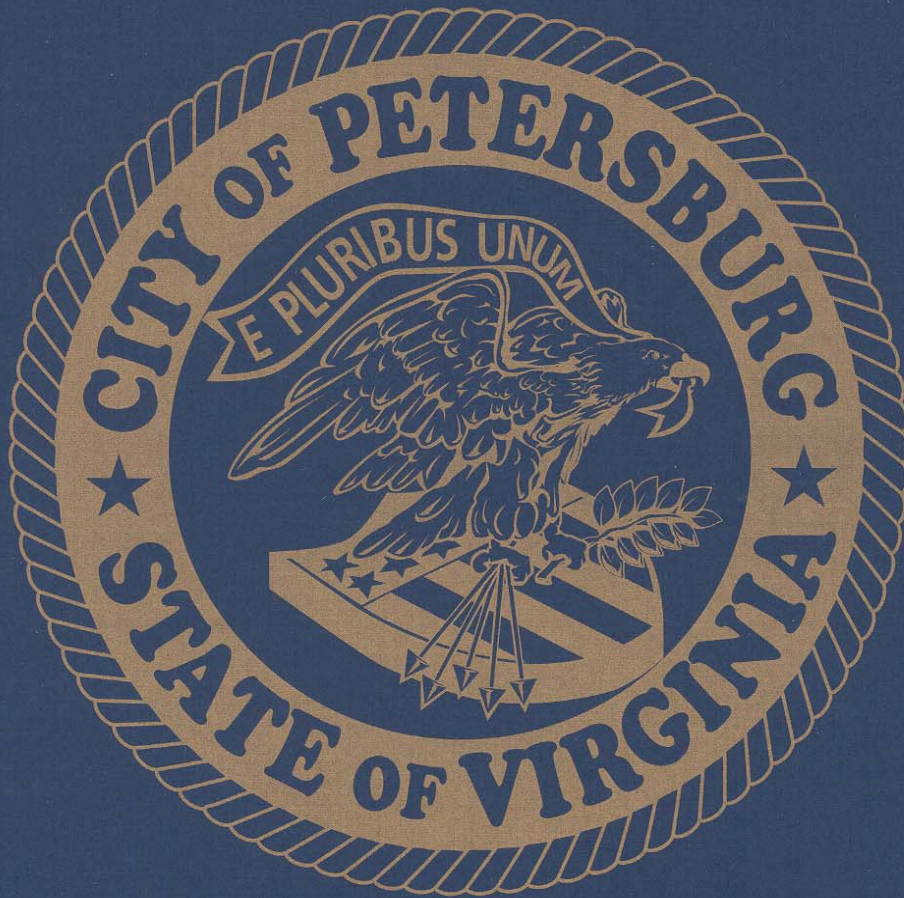


# COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Petersburg, Virginia



For the Fiscal Year  
ended June 30, 2010



**City of Petersburg, Virginia**

**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2010**

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**Prepared By:**

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Department of Finance



# CITY OF PETERSBURG, VIRGINIA

## Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2010

### TABLE OF CONTENTS

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	<u>Page</u>
<b><u>INTRODUCTORY SECTION</u></b>	
Title Page	i
Table of Contents	iii-v
Directory of Principal Officials	vii
Organizational Chart	ix
Certificate of Achievement	xi
Letter of Transmittal	xiii-xv
 <b><u>FINANCIAL SECTION</u></b>	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
 <b><u>BASIC FINANCIAL STATEMENTS</u></b>	
<b>Government-wide Financial Statements:</b>	
Exhibit 1      Statement of Net Assets	15
Exhibit 2      Statement of Activities	16-17
 <b>Fund Financial Statements:</b>	
Exhibit 3      Balance Sheet-Governmental Funds	21
Exhibit 4      Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	22
Exhibit 5      Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities-Governmental Funds	23
Exhibit 6      Statement of Net Assets—Proprietary Funds	24
Exhibit 7      Statement of Revenues, Expenses and Changes in Net Assets—Proprietary Funds	25
Exhibit 8      Statement of Cash Flows-Proprietary Funds	26

CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2010

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
<b><u>FINANCIAL SECTION: (CONTINUED)</u></b>	
<b><u>BASIC FINANCIAL STATEMENTS: (CONTINUED)</u></b>	
<b>Fund Financial Statements: (continued)</b>	
Exhibit 9 Statement of Fiduciary Net Assets	27
Exhibit 10 Statement of Changes in Fiduciary Net Assets	28
Notes to Financial Statements	29-69
<b><u>REQUIRED SUPPLEMENTARY INFORMATION:</u></b>	
Exhibit 11 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	75
Exhibit 12 Schedules of Funding Progress for the Virginia Retirement System and OPEB	76
<b><u>OTHER SUPPLEMENTARY INFORMATION:</u></b>	
<b>Combining and Individual Fund Statements and Schedules</b>	
Exhibit 13 Combining Balance Sheet Nonmajor—Governmental Funds	80
Exhibit 14 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds	81
Exhibit 15 Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual— Nonmajor Governmental Funds	82-83
Exhibit 16 Combining Balance Sheet—Agency Funds	84
Exhibit 17 Combining Statement of Changes in Assets and Liabilities—Agency Funds	85
<b>Supporting Schedules:</b>	
Schedule 1 Governmental Funds Schedule of Revenues-Budget and Actual	89-94
Schedule 2 Governmental Funds Schedule of Expenditures-Budget and Actual	95-100



# CITY OF PETERSBURG, VIRGINIA

## Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2010

### TABLE OF CONTENTS

(Continued)

	<u>Page</u>
<b><u>STATISTICAL SECTION:</u></b>	
<b><u>Financial Trends</u></b>	
Table 1 Net Assets by Component - Last Ten Fiscal Years	102-103
Table 2 Change in Net Assets - Last Ten Fiscal Years	105-106
Table 3 Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years	107
Table 4 Fund Balances of Governmental Funds - Last Ten Fiscal Years	108-109
Table 5 Changes in Fund Balance of Governmental Funds - Last Ten Fiscal Years	110-111
Table 6 Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years	113
<b><u>Revenue Capacity</u></b>	
Table 7 Assessed and Estimated Valuation of Taxable Property - Last Ten Fiscal Years	114
Table 8 Property Tax Rates - Last Ten Fiscal Years	115
Table 9 Principal Business Taxpayers - Current Year and Nine Years Ago	116-117
Table 10 Property Tax Levies and Collections - Last Ten Fiscal Years	119
<b><u>Debt Capacity</u></b>	
Table 11 Ratios of Outstanding Obligations by Type - Last Ten Fiscal Years	120-121
Table 12 Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Obligation Bonded Debt Per Capita - Last Ten Fiscal Years	122
Table 13 Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin - Fiscal Year Ended June 30, 2009	123
Table 14 Revenue Coverage - Last Ten Fiscal Years	124
<b><u>Demographic and Economic Information</u></b>	
Table 15 Demographic Economic and Census Statistics - Last Ten Fiscal Years & Last Five Censuses	125
<b><u>Operating Information</u></b>	
Table 16 Major Private Employers - Current Year and Nine Years Ago	126
Table 17 Full-time Equivalent Government Employees by Function - Last Ten Fiscal Years	127
Table 18 Operating Indicators by Function - Last Ten Fiscal Years	128-129
Table 19 Capital Asset Statistics by Function - Last Ten Fiscal Years	130
<b><u>COMPLIANCE SECTION:</u></b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	131-132
Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB <i>Circular A-133</i> Independent Auditor's Report	133-134
Schedule of Expenditures of Federal Awards	135-137
Notes to Schedule of Expenditures of Federal Awards	138
Schedule of Findings and Questioned Costs	139

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**CITY OF PETERSBURG, VIRGINIA  
CITY COUNCIL AND EXECUTIVE OFFICERS  
JUNE 30, 2010**

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**CITY COUNCIL**

Annie M. Mickens ..... Mayor  
Horace P. Webb ..... Vice-Mayor  
Brian Moore ..... Councilman  
David R. Coleman ..... Councilman  
Dama E. Rice ..... Councilwoman  
Kenneth M. Pritchett ..... Councilman  
Carl M. Ross ..... Councilman

**CONSTITUTIONAL OFFICERS**

New . Masse ..... Commissioner of Revenue  
Cassandra S. Burns ..... Commonwealth's Attorney  
Carole Matthews ..... City Treasurer  
Benjamin O. Scott ..... Clerk of the Circuit Court  
Vanessa R. Crawford ..... City Sheriff

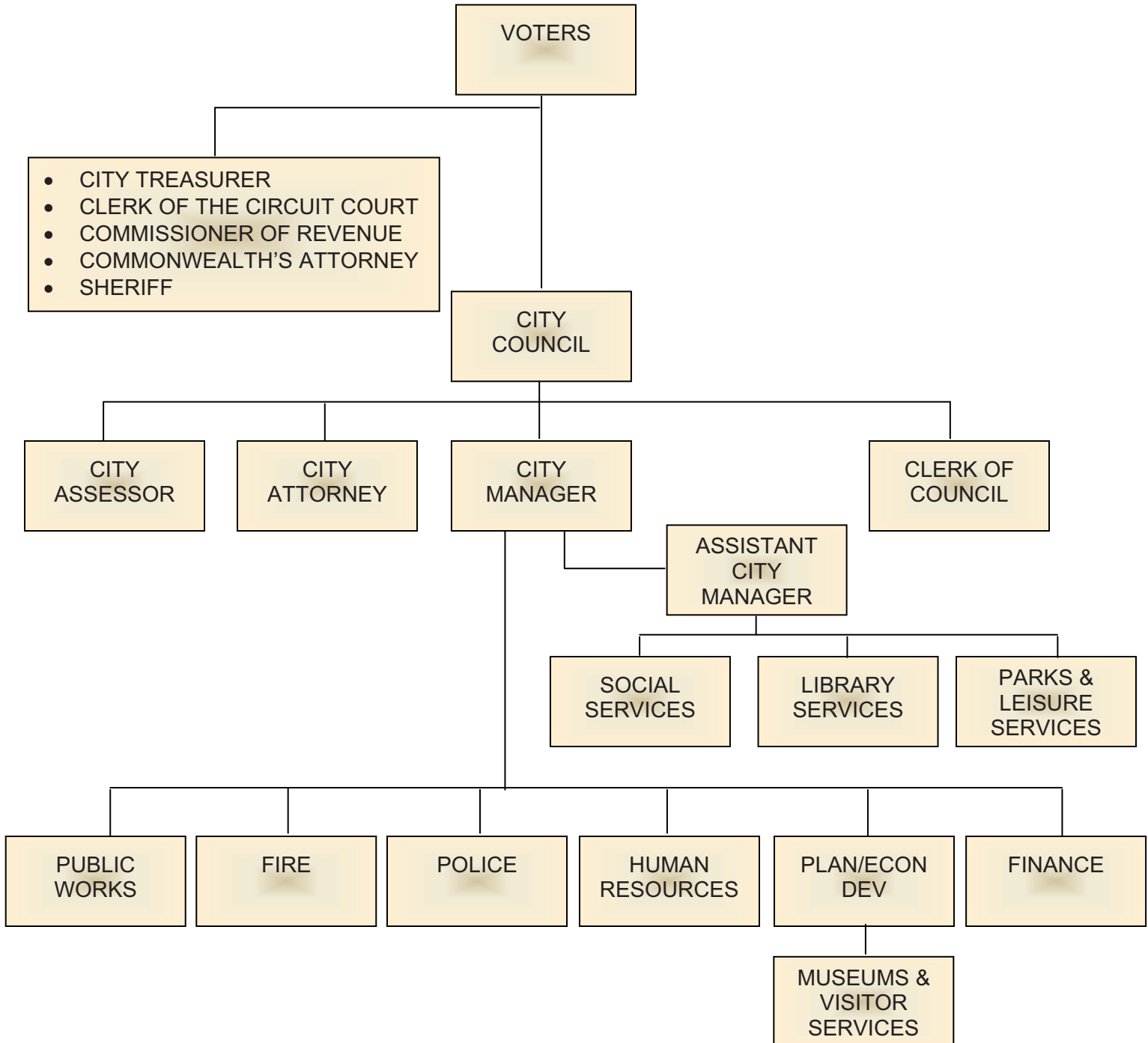
**CITY ADMINISTRATION**

B. David Canada ..... City Manager  
Nykesha D. Jackson ..... Council Clerk  
William Hefty ..... Acting City Attorney  
Randolph A. Rush ..... City Assessor

Tami M. Champ-Yerby ..... Director of Parks and Leisure Services  
Leonard A. Muse ..... Director of Planning  
Wayne Crocker ..... Library Director  
Vandy V. Jones, III ..... Manager of Economic Development  
Kimberley D. Willis ..... Director of Social Services  
Kevin Kirby ..... Museums Manager  
Michael D. Briddel ..... Acting Director of Public Works  
Thomas C. Hairston ..... Fire Chief  
Claristine Moore ..... Director of Human Resources  
John I. Dixon III ..... Chief of Police

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# CITY OF PETERSBURG, VIRGINIA ORGANIZATIONAL CHART



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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Petersburg  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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# City of Petersburg

Department of Finance  
(804) 733-2337 Office  
(804) 733-2434 Fax

City Hall Annex  
Petersburg, VA 23803

December 13, 2010

The Honorable Members of City Council  
City of Petersburg, Virginia

To the Honorable Members of City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of Petersburg, Virginia (the City) for the year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Internal Control: Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit: As a recipient of Federal and state financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. Information related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations, is included in a separately issued report.



**Budgetary Controls:** The City maintains budgetary controls. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Fund. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established by function for the General Fund and the fund level for other individual funds. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations, except for encumbrances and reserved fund balances, lapse at year-end. As demonstrated by the financial statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

The financial reporting entity includes all funds of the Primary Government (i.e., the City), as well as the component units for which the City is financially accountable. GAAP has established standards for defining and reporting on the financial reporting entity. Specifically, under GAAP the School Board of the City of Petersburg, Virginia (the School Board) is reported as a separate component unit in the City's reporting entity. This presentation is designed to emphasize that the School Board is legally separate from the City and to differentiate its financial position and results of operations from that of the City. This component unit is administered by a separate board which is elected. The City provides a full range of services including police and fire protection; sanitation services; health and social services; the construction and maintenance of roads, streets, and infrastructure; recreations activities; and cultural events. In addition to general government activities, the operations of the Petersburg public utilities and the City's bus system are also part of the primary government and included in the reporting entity.

## **ECONOMIC CONDITION AND OUTLOOK AND FUTURE PROSPECTS**

The City's basic industries are manufacturing, government, trade and services. The manufacturing sector includes firms in the chemical, medical, metal and optical industries. The City's economic prospects are enhanced by its proximity to Richmond, the state capital, and its inclusion in the Richmond-Petersburg Metropolitan Statistical Area. Fort Lee Army Base is located adjacent to the City. Fort Lee houses the Army's Quartermaster and Logistics Management Centers. Fort Lee employs approximately 4,100 civilians. Fort Lee was a net gainer for the last round of Base Realignment and Closure. The base is projected to grow from a current population of 36,000 to approximately 80,000 in the year 2011. The expansion at Fort Lee has commenced and it is expected that \$2 billion in new construction will occur in the next four years.

The region's primary medical services facility, Southside Regional Medical Center (SRMC), is located in the City. The facility, which includes an outpatient cancer treatment center, a nursing school, and a specialty healthcare center, employs over 1,400 people. SRMC was approved for a new 300 bed hospital by the State of Virginia. Work is complete and the new SRMC has opened in Petersburg. This facility carries a capital investment of \$125 million.

The City has initiated a proactive economic development program focusing on the attraction of new business, retention of existing businesses, and revival of the City's retail base and the re-use of vacant buildings.

## ECONOMIC CONDITION AND OUTLOOK AND FUTURE PROSPECTS: (CONTINUED)

Petersburg continues to experience economic development success throughout the City. Development in the southeast portion of the City is highlighted by the previously mentioned hospital project on South Crater Road. Downtown continues to see an influx of private investment highlighted by the conversions of older commercial and industrial buildings into mixed use projects with ground floor commercial and upper story residential space.

Visitation to the City is enhanced through participation in Petersburg Area Regional Tourism, exhibits at our museums and events such as the Friday for the Arts, the Farmer's Market, the Generals Baseball Team, and various activities held at the Petersburg Sports Complex.

### MAJOR INITIATIVES

Transportation: The City has approved the expansion of transit services by extending routes to Prince George, Hopewell, Colonial Heights and Chester. Through a partnership with the Transit Authority of Richmond, local patrons are offered round-trip bus service between Petersburg and Richmond. The City has completed construction of a Multi-modal Transportation Center at a cost \$19 million.

Education: During the year, the City of Petersburg issued approximately \$8.5 million of Qualified School Construction Bonds. The Proceeds will be used for expansion and rehabilitation at Robert E. Lee School and for transportation and central warehouse complex for the School system.

### OTHER INFORMATION

#### Relevant Financial Policies:

Investments are made to an investment policy that seeks to safeguard principal, meet liquidity objectives, and seek fair value rates of return within the parameters of the *Code of Virginia*. Funds held for capital projects are invested in accordance with these objectives in addition to ensuring compliance with U.S. Treasury arbitrage regulations.

The City recognizes the need to monitor revenue estimates to identify any shortfalls and potential trends that would significantly affect the various revenue sources in the current budget. Individuals in the Finance Department monitor revenues to ensure a careful review of all revenue sources and to provide revenue estimates for budget development. During the current year the Cameron Foundation contributed \$3,000,000 to curtail principal indebtedness incurred by the City in connection with renovations to the Stuart Elementary and Hill Elementary schools. In addition \$400,000 in proffers were received by a developer to be used for future street expenses on Crater Road. Also, revenues from the Virginia Department of Transportation totaling \$1,682,200 were received to fund various road construction costs.

Management's Discussion and Analysis: GAAP require management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## OTHER INFORMATION: (CONTINUED)

Independent Audit: State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, Cox Associates was selected by the City's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and the related requirements of OMB Circular A-133. The independent auditors' report on the basic financial statements, combining, and individual fund statements and schedules is included in the financial section of this report. The independent auditors' reports related specifically to the single audit are included in a separately issued report.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting Program to the City of Petersburg, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for a certificate.

Acknowledgements: This report could not have been accomplished without a great deal of cooperation and assistance by the staff in a number of City departments. We would like to express our appreciation to the staff members of the Department of Finance who had the primary role in the financial report preparation. We also wish to thank the Commissioner of Revenue, the City Treasurer, the City Assessor and their staffs who provided invaluable assistance in the preparation of the report. Finally, we would like to thank the Mayor and members of the City Council for the continued interest and support in planning and conducting the financial operations of the City in a reasonable and responsive manner.

Respectfully Submitted,



B. David Canada

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

To The Honorable Members of City Council  
City of Petersburg  
Petersburg, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Petersburg, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2010, on our consideration of the City of Petersburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and required supplementary information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Petersburg, Virginia, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, supporting schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Petersburg, Virginia. The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
December 10, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

---

As management of the City of Petersburg, Virginia (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$74,811,098 (net assets). Of this amount, \$13,754,747 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$33,044,806, an increase of \$8,395,455 in comparison with the prior year. Forty-nine percent of this amount (\$15,746,303) is available for spending at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$15,403,526 or 20 percent of total General Fund expenditures.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial administration, public safety, public works, health and welfare services, education, parks recreation, & cultural events, and community development. The business-type activities of the City include Public Utility and Mass Transit operations.



## Overview of the Financial Statements (Continued)

The Government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate school district for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as Governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven individual governmental funds. The General Fund and the Capital Projects Fund are both considered to be major funds and accordingly financial information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds. The five other governmental funds (Federal and State Projects Fund, Community Development Act Fund, Blandford Cemetery Perpetual Care Fund, Clara J. McKenney Memorial Fund, and Library Endowment Fund) are considered to be non-major funds and are reported in the fund financial statements in one column and in the combining and individual fund statements and schedules as individual columns.

The City adopts an annual appropriated budget for certain Governmental funds. A budgetary comparison schedule has been provided as required supplementary information for the General Fund to demonstrate compliance with this budget.

Proprietary funds - The City maintains three enterprise funds, which are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water system, mass transportation and golf course operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, mass transportation and golf course activities all of which are considered to be major funds of the City.

Fiduciary funds - The City is the trustee, or fiduciary, for the City's agency and private-purpose trust funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. The City excludes these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations. Fiduciary funds consist of private purpose trust funds and agency funds. Agency funds are City custodial funds used to provide accountability of client monies for which the City is custodian.



## Overview of the Financial Statements (Continued)

Notes to the basic financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the General Fund budgetary comparison schedule and pension funding activities and other supplementary information, including combining and individual fund financial statements and schedules.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a City's financial position. In the case of the City, assets exceeded liabilities by \$74,811,098 at the close of the fiscal year.

**City of Petersburg's, Net Assets**  
**Schedule of Assets, Liabilities and Net Assets**  
**Governmental and Business-Type Activities**  
**For the Years Ended June 30, 2010 and 2009**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Current and other assets	\$ 43,172,760	\$ 35,967,418	\$ 995,966	\$ 2,537,589	\$ 44,168,726	\$ 38,505,007
Capital assets	<u>53,297,809</u>	<u>57,145,632</u>	<u>43,853,882</u>	<u>43,771,396</u>	<u>97,151,691</u>	<u>100,917,028</u>
Total assets	<u>\$ 96,470,569</u>	<u>\$ 93,113,050</u>	<u>\$ 44,849,848</u>	<u>\$ 46,308,985</u>	<u>\$ 141,320,417</u>	<u>\$ 139,422,035</u>
Long-term liabilities outstanding	\$ 45,301,701	\$ 42,980,290	\$ 6,121,130	\$ 6,645,687	\$ 51,422,831	\$ 49,625,977
Current liabilities	<u>11,991,260</u>	<u>15,177,016</u>	<u>3,095,228</u>	<u>4,201,166</u>	<u>15,086,488</u>	<u>19,378,182</u>
Total liabilities	<u>\$ 57,292,961</u>	<u>\$ 58,157,306</u>	<u>\$ 9,216,358</u>	<u>\$ 10,846,853</u>	<u>\$ 66,509,319</u>	<u>\$ 69,004,159</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 17,879,326	\$ 16,440,386	\$ 37,360,649	\$ 36,423,288	\$ 55,239,975	\$ 52,863,674
Restricted	<u>1,894,824</u>	<u>1,898,698</u>	<u>3,861,693</u>	<u>4,568,423</u>	<u>5,756,517</u>	<u>6,467,121</u>
Unrestricted	<u>19,403,458</u>	<u>16,616,660</u>	<u>(5,588,852)</u>	<u>(5,529,579)</u>	<u>13,814,606</u>	<u>11,087,081</u>
Total net assets	<u>\$ 39,177,608</u>	<u>\$ 34,955,744</u>	<u>\$ 35,633,490</u>	<u>\$ 35,462,132</u>	<u>\$ 74,811,098</u>	<u>\$ 70,417,876</u>

A large part of the City's net assets (75%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net assets, for the City as a whole, and for its governmental activities; however, its business-type activities reports negative unrestricted net assets. The City plans to remediate its negative unrestricted net assets over time through increases in user fees and transfers from the general government.

## Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the City's net assets by \$4,221,864, while business-type activities increased \$171,358. Key elements of these increases are as follows:

**City of Petersburg, Virginia's Changes in Net Assets  
Governmental and Business-Type Activities  
For the Years Ended June 30, 2010 and 2009**

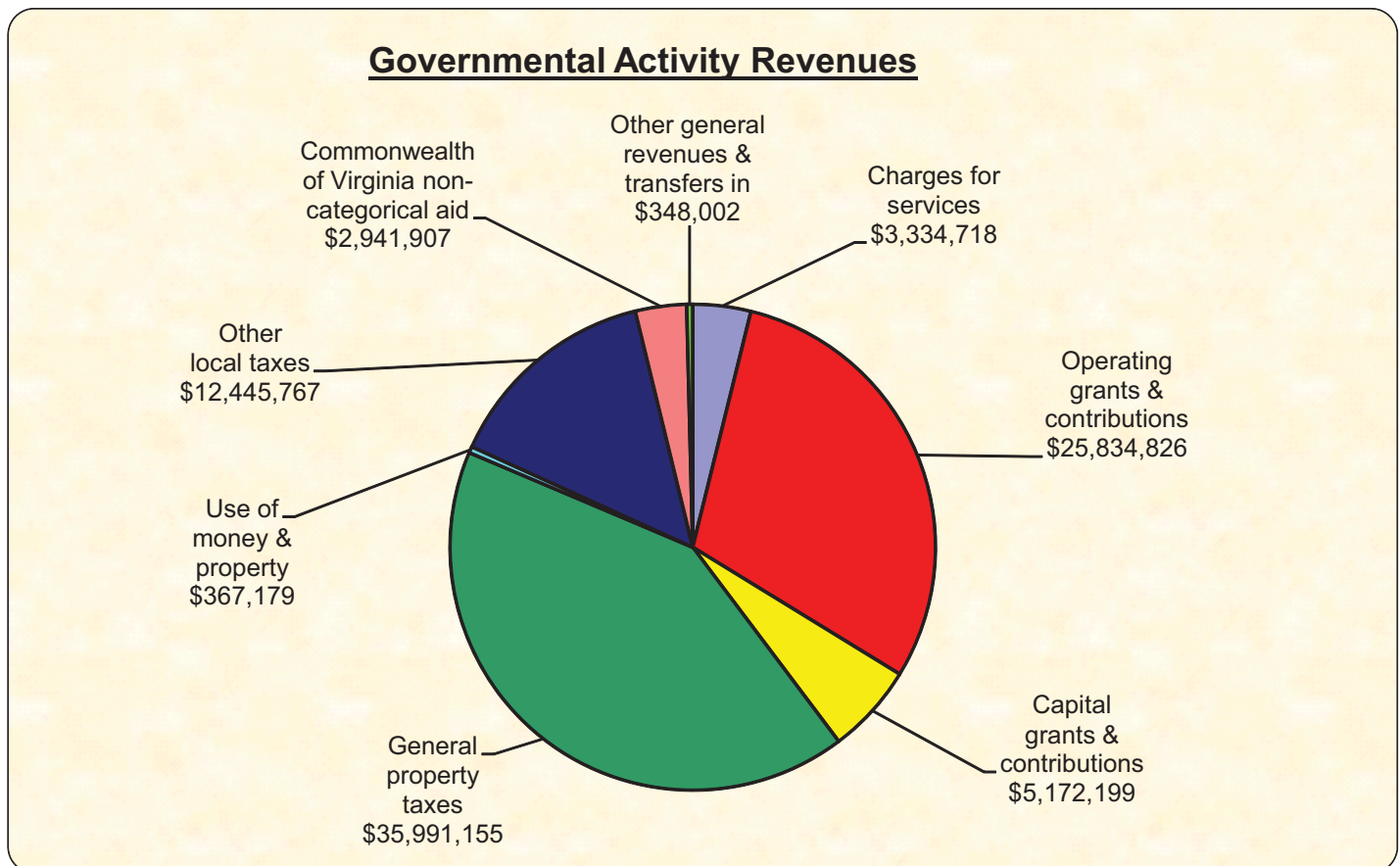
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Revenues:						
Program revenues:						
Charges for services	\$ 3,334,718	\$ 3,623,069	\$ 10,432,459	\$ 8,127,010	\$ 13,767,177	\$ 11,750,079
Operating grants and contributions	25,834,826	26,375,323	971,920	1,751,172	26,806,746	28,126,495
Capital grants and contributions	5,172,199	6,241,316	2,315,371	10,993,451	7,487,570	17,234,767
General revenues:						
General property taxes	35,991,155	33,090,055	-	-	35,991,155	33,090,055
Other local taxes	12,445,767	13,484,674	-	-	12,445,767	13,484,674
Use of money and property	367,179	371,424	163,271	286,799	530,450	658,223
Commonwealth of Virginia non-categorical aid	2,941,907	2,499,818	-	-	2,941,907	2,499,818
Other general revenues	348,002	2,224,312	-	-	348,002	2,224,312
Total revenues	<u>\$ 86,435,753</u>	<u>\$ 87,909,991</u>	<u>\$ 13,883,021</u>	<u>\$ 21,158,432</u>	<u>\$ 100,318,775</u>	<u>\$ 109,068,423</u>
Expenses:						
General government administration	\$ 3,953,282	\$ 4,476,479	\$ -	\$ -	\$ 3,953,282	\$ 4,476,479
Judicial administration	2,170,832	2,384,990	-	-	2,170,832	2,384,990
Public safety	29,031,529	28,266,555	-	-	29,031,529	28,266,555
Public works	13,225,076	14,737,685	-	-	13,225,076	14,737,685
Health and welfare	14,887,566	15,835,032	-	-	14,887,566	15,835,032
Education	11,160,050	10,789,591	-	-	11,160,050	10,789,591
Parks, recreation, and cultural	2,443,712	2,453,245	-	-	2,443,712	2,453,245
Community development	3,607,676	2,238,970	-	-	3,607,676	2,238,970
Interest	1,590,337	1,186,877	-	-	1,590,337	1,186,877
Public Utility	-	-	9,127,023	8,514,037	9,127,023	8,514,037
Mass Transit	-	-	3,545,881	2,919,251	3,545,881	2,919,251
Golf Course	-	-	1,182,589	1,176,452	1,182,589	1,176,452
Total expenses	<u>\$ 82,070,060</u>	<u>\$ 82,369,424</u>	<u>\$ 13,855,493</u>	<u>\$ 12,609,740</u>	<u>\$ 95,925,553</u>	<u>\$ 94,979,164</u>
Increase (decrease) in net assets before transfers	\$ 4,365,693	\$ 5,540,567	\$ 27,528	\$ 8,548,692	\$ 4,393,222	\$ 14,089,259
Transfers	<u>(143,830)</u>	<u>109,928</u>	<u>143,830</u>	<u>(109,928)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	\$ 4,221,864	\$ 5,650,495	\$ 171,358	\$ 8,438,764	\$ 4,393,222	\$ 14,089,259
Net assets beginning of year	<u>34,955,744</u>	<u>29,305,249</u>	<u>35,462,132</u>	<u>27,023,368</u>	<u>70,417,876</u>	<u>56,328,617</u>
Net assets end of year	<u>\$ 39,177,608</u>	<u>\$ 34,955,744</u>	<u>\$ 35,633,490</u>	<u>\$ 35,462,132</u>	<u>\$ 74,811,098</u>	<u>\$ 70,417,876</u>

## Government-wide Financial Analysis (Continued)

The City's net assets increased \$4,393,222 during the current fiscal year. This increase was reflective of an increase in net assets of business-type activities of \$171,358 and an increase of \$4,221,864 in governmental activities. Governmental activity revenues decreased from \$87,909,991 to \$86,435,753, a decrease of \$1,474,238 or 1.68%. The economic downturn has caused revenues such as charges for services, (\$288,351), Operating grants and contributions (\$540,497), other general revenues (\$1,876,310) and other tax revenues to decline. The more significant increases were noted in real estate and machinery and tools property taxes \$2,901,100 and non-categorical aid from the Commonwealth of Virginia, which increased \$442,089. Governmental expenses decreased from \$82,369,424 to \$82,070,060 or (\$299,364). Key elements of decreases are noted in Public Works and Health and Welfare. Expenditures for Public Works decreased by 10 percent (\$1,512,609) due primarily to decreased building maintenance expenditures of \$755,615. Health and Welfare expenses decreased by 6 percent, or \$947,466; the decrease is reflected primarily in Social Services (\$1,583,533) as expenditures for Comprehensive Services increased \$611,006. Overall, the City's changes in net assets for governmental activities increased \$4,221,864 or 5% of expenses.

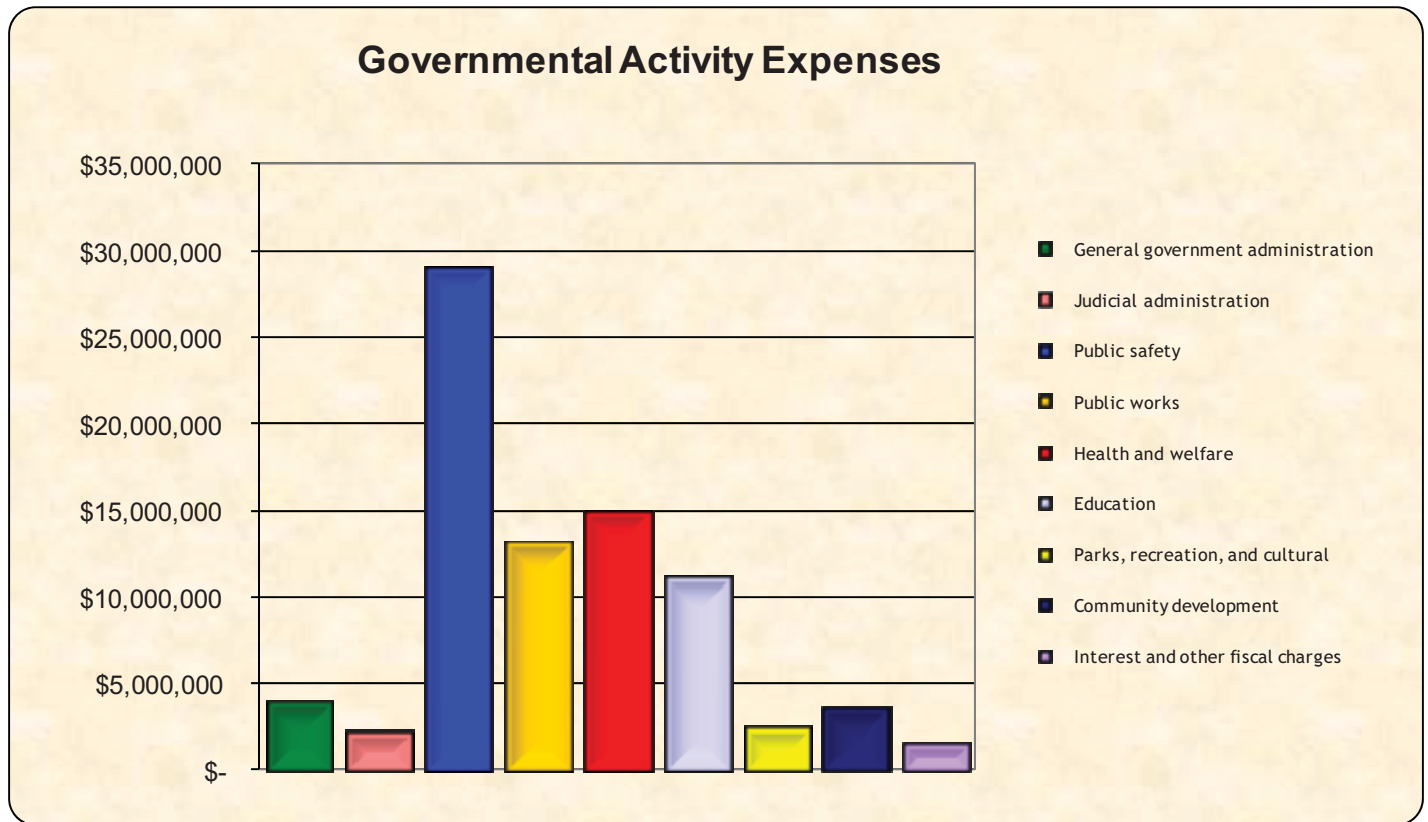
Net assets increased in the business-type activities by \$171,358. The Public Utility Fund's net assets increased by \$455,437 and the Mass Transit Fund net assets increased by \$299,062. In the third year of operation the Golf Course incurred a net loss of \$583,141 resulting from expenses of \$973,166 exceeding revenue of \$599,448.

The chart below provides an overview of FY 09-10 revenues by program source:



## Government-wide Financial Analysis (Continued)

The chart below denotes expenses by major category.



## Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,044,806, an increase of \$8,395,455 in comparison with the prior year. Approximately 48% of this total amount (\$16,491,840) constitutes unreserved fund balance, which would be available for spending at the City's discretion if all assets were available. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed or is not available for appropriation:

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$15,403,526, while the total fund balance was \$21,139,371. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 20% of total General Fund expenditures, while total fund balance represents 27% of that same amount.

## **Financial Analysis of the City's Funds: (Continued)**

The fund balance of the City's General Fund increased \$883,345 during the current fiscal year. Key factors in the increase are as follows:

- An increase in general property taxes of \$2,404,805 which consists of real estate taxes of \$1,089,731 and machinery and tools taxes which increased of \$776,845.
- An increase in commonwealth funding of \$335,692. This increase is due principally as a result of increased funding for the Sheriff, which increased \$437,024.
- An increase was noted in fines and forfeitures totaling \$216,443
- An increase of \$856,244 in public safety expenditures due primarily to increased expenditures of the police department of \$926,174
- A decrease of \$1,891,404 in public works expenditures due primarily to decrease in street maintenance of \$847,959 and a decrease of \$755,615 in building maintenance.
- A decrease of \$830,409 in health and welfare expenditures, resulting from a decrease of social services expenditures of \$1,583,533 and an increase to comprehensive services of \$611,006.
- An increase was noted in community development for \$1,360,293, due primarily to an increase of economic development expenditures of \$1,828,783.

The City's other governmental funds reflected an overall increase in fund balances of \$7,512,110. The Capital Projects fund balance increased \$7,137,748 and the other non-major funds increased \$374,362. The increase in the Capital Projects fund was primarily caused by the issuance of debt for \$8,560,000, which is funding the renovations of a several school buildings as well as a school bus transit facility.

**Proprietary funds** - The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Unrestricted net assets (deficit) of the Public Utility Fund, Mass Transit Fund and the Golf Course at the end of the year were \$1,401,395, (\$5,220,950), and (\$1,829,156), respectively. The total change in net assets for these three funds was \$171,358. This slight increase compared to the prior year increase of \$8,438,764 is primarily attributable to the prior year increase in net assets of the Mass Transit Fund of \$8,665,304, which was due to larger capital contributions consisting of state and federal funding for the construction of a new mass transit center.

## **General Fund Budgetary Highlights**

The differences between the General Fund original budget and final amended budget were caused by several increases in appropriations. Some of the major differences can be briefly summarized as follows:

- An increase of \$458,017 for the police department.
- An increase of \$267,925 for the fire department.
- An increase of \$298,769 for the city jail.
- An increase of \$313,708 in public works for highways, streets, bridges and sidewalk maintenance.

As noted earlier, most of these programs are funded from State and Federal grant sources. Budgeted revenue amounts from the Commonwealth of Virginia and Federal government were increased by a combined \$1,141,547. During the year ended June 30, 2010, the local revenue budgeted amounts increased by a total of \$107,550.



## **General Fund Budgetary Highlights: (Continued)**

Regarding the variances between the final budget and actual expenditures incurred, there are a number of items management deems significant, as follows:

- Police department expenditures exceeded the final budget by \$401,243.
- Assessor expenditures exceeded the final budget by \$72,044.
- Street maintenance expenditures were less than final budget amounts by \$1,440,693.
- Social services expenditures were less than final budget amounts by \$2,851,970

## **Capital Assets and Debt Administration**

Capital assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010 totaled \$97,151,691 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, water capacity rights intangibles, vehicles, and machinery and equipment. Current year depreciation on the assets amounted to \$6,458,198 in the governmental activities and \$1,577,356 in the business-type activities. The City's governmental capital assets, net of accumulated depreciation, decreased \$3,847,823. The City's business-type capital assets, net of accumulated depreciation, increased \$82,486. More detailed information on the City's capital assets can be found in note 6 of this report.

Long-term debt - At the end of the current fiscal year, the City governmental activities had total long-term obligations outstanding of \$51,889,848 and the business-type activities had \$6,662,989. Of these amounts \$35,003,291 comprises debt backed by the full faith and credit of the City as general obligation and Qualified Zone Academy bonds. During the fiscal year, the City issued general obligation bonds in the amount of \$8,560,000. The issued debt was intended for the purpose of acquisition and construction of infrastructure and economic development projects, which includes the construction of a new school bus transit facility. The City issued capital lease obligations in the amount of \$62,106 for equipment purchases. The City also issued and redeemed \$5,000,000 of tax revenue anticipation notes during the year. More detailed information on the City's long-term obligations can be found in the note 7 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

Based on available economic data, certain trends for the local economy have continued to show improvements while others do not. The local unemployment rate was 12.04% at June 30, 2010, which is lower than the 14.60% at June 30, 2009.

This factor was considered in preparing the City's budget for the 2011 fiscal year. The budget for FY '11 totals \$88,967,958, which is a decrease of \$4,513,179 or 4.83% under the fiscal 2010 approved budget. The real estate tax rate of \$1.35 per \$100 assessment remains unchanged.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Petersburg, Virginia's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City Hall Annex, Petersburg, Virginia 23803.

## **BASIC FINANCIAL STATEMENTS**



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## **Government-wide Financial Statements**

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Statement of Net Assets  
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 8,574,762	\$ 1,320,585	\$ 9,895,347	\$ 181,376
Restricted cash	9,533,693	860,000	10,393,693	-
Receivables (net of allowance for uncollectibles):				
Property taxes	5,345,664	-	5,345,664	-
Accounts receivable	931,032	1,846,432	2,777,464	326,637
Inventory	4,990,308	580,454	5,570,762	286,975
Prepaid items	-	-	-	55,021
Deferred charges	834,830	-	834,830	-
Due from Primary Government	-	-	-	1,103,531
Internal balances	7,434,105	(7,434,105)	-	-
Due from other governmental units	5,528,366	820,907	6,349,273	3,632,603
Total Current Assets	\$ 43,172,760	\$ (2,005,727)	\$ 41,167,033	\$ 5,586,143
Noncurrent Assets				
Restricted cash - SCWA - debt service	\$ -	\$ 3,001,693	\$ 3,001,693	\$ -
Capital assets (net of depreciation):				
Land and land improvements	\$ 6,639,171	\$ 5,478,735	\$ 12,117,906	\$ 171,640
Water capacity rights	-	2,873,000	2,873,000	-
Utility plant in service	-	33,492,490	33,492,490	-
Vehicles	1,231,653	1,815,140	3,046,793	1,216,276
Equipment and machinery	5,163,258	194,517	5,357,775	281,556
Buildings and improvements	29,628,881	-	29,628,881	7,953,949
Infrastructure	9,096,959	-	9,096,959	-
Construction in progress	1,537,887	-	1,537,887	292,037
Total Capital Assets	\$ 53,297,809	\$ 43,853,882	\$ 97,151,691	\$ 9,915,458
Total Noncurrent Assets	\$ 53,297,809	\$ 46,855,575	\$ 100,153,384	\$ 9,915,458
Total Assets	\$ 96,470,569	\$ 44,849,848	\$ 141,320,417	\$ 15,501,601
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable and accrued expenses	\$ 3,723,595	\$ 1,929,969	\$ 5,653,564	\$ 3,981,268
Accrued interest payable	432,472	83,355	515,827	-
Customer deposits	116,758	540,045	656,803	-
Unearned revenue	5,822	-	5,822	322,352
Due to other governments	20,935	-	20,935	-
Due to Component Unit School Board	1,103,531	-	1,103,531	-
Current portion of long-term obligations	6,588,147	541,859	7,130,006	334,391
Total Current Liabilities	\$ 11,991,260	\$ 3,095,228	\$ 15,086,488	\$ 4,638,011
Noncurrent Liabilities				
Noncurrent portion of long-term obligations	45,301,701	6,121,130	51,422,831	1,819,304
Total Liabilities	\$ 57,292,961	\$ 9,216,358	\$ 66,509,319	\$ 6,457,315
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 17,879,326	\$ 37,360,649	\$ 55,239,975	\$ 8,755,287
Restricted for SCWA - debt service	-	3,861,693	3,861,693	-
Restricted for perpetual care - nonexpendable	1,894,824	-	1,894,824	-
Unrestricted	19,403,458	(5,588,852)	13,814,606	288,999
Total Net Assets	\$ 39,177,608	\$ 35,633,490	\$ 74,811,098	\$ 9,044,286
Total Liabilities and Net Assets	\$ 96,470,569	\$ 44,849,848	\$ 141,320,417	\$ 15,501,601

The accompanying notes to financial statements are an integral part of this statement.

## CITY OF PETERSBURG, VIRGINIA

Statement of Activities  
Year Ended June 30, 2010

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,953,282	\$ -	\$ 302,633	\$ -
Judicial administration	2,170,832	860,011	964,332	-
Public safety	29,031,529	461,872	8,143,893	-
Public works	13,225,076	1,878,941	4,565,451	2,082,199
Health and welfare	14,887,566	-	11,128,359	-
Education	11,160,050	-	-	3,000,000
Parks, recreation, and cultural	2,443,712	101,789	195,188	90,000
Community development	3,607,676	32,105	534,970	-
Interest	1,590,337	-	-	-
Total governmental activities	\$ 82,070,060	\$ 3,334,718	\$ 25,834,826	\$ 5,172,199
Business-type activities:				
Public utility	\$ 9,127,023	\$ 9,419,189	\$ -	\$ -
Mass transit	3,545,881	413,822	971,920	2,315,371
Golf course	1,182,589	599,448	-	-
Total business-type activities	\$ 13,855,493	\$ 10,432,459	\$ 971,920	\$ 2,315,371
Total primary government	\$ 95,925,553	\$ 13,767,177	\$ 26,806,746	\$ 7,487,570
COMPONENT UNIT:				
School Board	\$ 51,201,013	\$ 699,302	\$ 38,855,370	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Communication taxes				
Consumer utility taxes				
Business license taxes				
Motor vehicle license taxes				
Lodging taxes				
Meals taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
City contribution to the school board				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

The accompanying notes to financial statements are an integral part of this statement.

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	School Board
\$ (3,650,649)	\$ -	\$ (3,650,649)	\$ -
(346,489)	-	(346,489)	-
(20,425,764)	-	(20,425,764)	-
(4,698,485)	-	(4,698,485)	-
(3,759,207)	-	(3,759,207)	-
(8,160,050)	-	(8,160,050)	-
(2,056,735)	-	(2,056,735)	-
(3,040,601)	-	(3,040,601)	-
(1,590,337)	-	(1,590,337)	-
\$ (47,728,317)	\$ -	\$ (47,728,317)	\$ -
	\$ 292,166	\$ 292,166	\$ -
	155,232	155,232	-
	(583,141)	(583,141)	\$ -
	\$ (135,743)	\$ (135,743)	\$ -
\$ (47,728,317)	\$ (135,743)	\$ (47,864,060)	\$ -
			\$ (11,646,341)
\$ 35,991,155	\$ -	\$ 35,991,155	\$ -
3,396,411	-	3,396,411	-
1,925,234	-	1,925,234	-
1,678,216	-	1,678,216	-
2,553,424	-	2,553,424	-
491,904	-	491,904	-
375,201	-	375,201	-
1,361,103	-	1,361,103	-
664,274	-	664,274	-
367,179	163,271	530,450	33,882
348,002	-	348,002	588,069
2,941,907	-	2,941,907	-
-	-	-	9,874,741
(143,830)	143,830	-	-
\$ 51,950,180	\$ 307,101	\$ 52,257,281	\$ 10,496,692
\$ 4,221,864	\$ 171,358	\$ 4,393,222	\$ (1,149,649)
34,955,744	35,462,132	70,417,876	10,193,935
\$ 39,177,608	\$ 35,633,490	\$ 74,811,098	\$ 9,044,286

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## **Fund Financial Statements**

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Balance Sheet - Governmental Funds  
At June 30, 2010

	Governmental Funds			
	General	Capital Projects	Non Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,034,728	\$ 4,885,443	\$ 654,591	\$ 8,574,762
Restricted cash	-	7,638,869	1,894,824	9,533,693
Receivables (Net of allowances for uncollectibles):				
Taxes	5,345,664	-	-	5,345,664
Accounts	931,032	-	-	931,032
Inventory and land held for resale	4,990,308	-	-	4,990,308
Due from other funds	7,324,395	279,781	-	7,604,176
Due from Component Unit School Board	2,136,282	-	-	2,136,282
Due from other governmental units	5,254,876	-	273,490	5,528,366
Total assets	<u>\$ 29,017,285</u>	<u>\$ 12,804,093</u>	<u>\$ 2,822,905</u>	<u>\$ 44,644,283</u>
LIABILITIES				
Accounts payable	\$ 1,991,587	\$ 174,377	\$ 82,094	\$ 2,248,058
Accrued salaries and withholdings payable	1,447,086	-	28,451	1,475,537
Deposits held	116,758	-	-	116,758
Due to other funds	-	-	170,071	170,071
Due to Component Unit School Board	-	3,239,813	-	3,239,813
Due to other governmental units	-	-	20,935	20,935
Unearned revenue	4,322,483	-	5,822	4,328,305
Total liabilities	<u>\$ 7,877,914</u>	<u>\$ 3,414,190</u>	<u>\$ 307,373</u>	<u>\$ 11,599,477</u>
FUND BALANCES				
Reserved for:				
Inventory	\$ 4,990,308	\$ -	\$ -	\$ 4,990,308
Encumbrances	745,537	-	-	745,537
Capital projects	-	9,389,903	-	9,389,903
Community development	-	-	277,931	277,931
Permanent Funds - perpetual care of cemetery	-	-	1,873,839	1,873,839
Permanent Funds - McKenney scholarships	-	-	18,985	18,985
Permanent Funds - library endowment	-	-	2,000	2,000
Unreserved, reported in:				
General fund	15,403,526	-	-	15,403,526
Special revenue funds	-	-	342,777	342,777
Total fund balances	<u>\$ 21,139,371</u>	<u>\$ 9,389,903</u>	<u>\$ 2,515,532</u>	<u>\$ 33,044,806</u>
Total liabilities and fund balances	<u>\$ 29,017,285</u>	<u>\$ 12,804,093</u>	<u>\$ 2,822,905</u>	<u>\$ 44,644,283</u>
Fund balances above				\$ 33,044,806

Detailed explanation of adjustments from fund statements to government-wide statement of net assets:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.

53,297,809

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(432,472)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.

4,322,483

Other assets used in governmental activities are not financial resources and therefore not reported in the governmental funds:

    Net bond issuance financing costs

834,830

Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets.

(51,889,848)

Net assets of General Government Activities

\$ 39,177,608

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances --  
 Governmental Funds  
 Year Ended June 30, 2010

	Governmental Fund Types			
	General	Capital Projects	Non-Major Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 34,703,935	\$ -	\$ -	\$ 34,703,935
Other local taxes	12,445,767	-	-	12,445,767
Permits, privilege fees and regulatory licenses	483,718	-	-	483,718
Fines and forfeitures	684,907	-	-	684,907
Revenue from use of money and property	289,334	13,769	64,076	367,179
Charges for services	2,154,043	-	12,050	2,166,093
Miscellaneous	348,002	3,490,000	-	3,838,002
Recovered costs	273,283	-	41,929	315,212
Intergovernmental:				
Commonwealth	21,074,194	1,682,199	522,491	23,278,884
Federal	5,658,184	-	1,521,864	7,180,048
Total revenues	<u>\$ 78,115,367</u>	<u>\$ 5,185,968</u>	<u>\$ 2,162,410</u>	<u>\$ 85,463,745</u>
Expenditures:				
Current:				
General government administration	\$ 3,826,456	\$ -	\$ -	\$ 3,826,456
Judicial administration	1,973,393	-	-	1,973,393
Public safety	26,270,400	47,825	1,123,601	27,441,826
Public works	9,324,744	2,364,923	-	11,689,667
Health and welfare	14,668,974	-	-	14,668,974
Education	9,912,306	371,757	189,988	10,474,051
Parks, recreation, and cultural	2,315,747	115,772	-	2,431,519
Community development	3,278,336	-	295,921	3,574,257
Nondepartmental	1,149,019	-	-	1,149,019
Debt service:				
Principal retirement	3,320,000	2,950,000	-	6,270,000
Interest and other fiscal charges	1,565,609	834,830	-	2,400,439
Total expenditures	<u>\$ 77,604,984</u>	<u>\$ 6,685,107</u>	<u>\$ 1,609,510</u>	<u>\$ 85,899,601</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 510,383</u>	<u>\$ (1,499,139)</u>	<u>\$ 552,900</u>	<u>\$ (435,856)</u>
Other financing sources (uses):				
Transfers in	\$ 104,686	\$ 73,852	\$ -	\$ 178,538
Transfers (out)	(143,830)	-	(178,538)	(322,368)
Issuance of debt	62,106	8,560,000	-	8,622,106
Sale of landfill	350,000	-	-	350,000
Premium on debt issued	-	3,035	-	3,035
Total other financing sources (uses)	<u>\$ 372,962</u>	<u>\$ 8,636,887</u>	<u>\$ (178,538)</u>	<u>\$ 8,831,311</u>
Changes in fund balance	\$ 883,345	\$ 7,137,748	\$ 374,362	\$ 8,395,455
Fund balances at beginning of year	20,256,027	2,252,155	2,141,169	24,649,351
Fund balances at end of year	<u>\$ 21,139,371</u>	<u>\$ 9,389,903</u>	<u>\$ 2,515,532</u>	<u>\$ 33,044,806</u>

The accompanying notes to financial statements are an integral part of this statement.

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Governmental Funds  
Year Ended June 30, 2010

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	8,395,455
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. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.		
Capital asset additions	\$ 2,810,376	
Capital asset disposals	(200,000)	
Depreciation expense	<u>(6,458,198)</u>	(3,847,822)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in deferred taxes.		
		1,287,220
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the 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 the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:		
Principal retired on debt	\$ 6,270,000	
Deferred amount of bond issuance costs	788,451	
Proceeds from debt issued	<u>(8,622,106)</u>	(1,563,655)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in accrued leave	\$ 84,050	
Other post employment benefits	(152,000)	
Amortization of deferred charges	46,380	
Change in interest payable	<u>(27,764)</u>	(49,334)
Change in net assets of governmental activities	\$	<u><u>4,221,864</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Net Assets  
Proprietary Funds  
June 30, 2010

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 1,319,885	\$ -	\$ 700	\$ 1,320,585
Restricted cash - SCWA - debt service	860,000	-	-	860,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	1,846,432	-	-	1,846,432
Due from other governmental units	-	820,907	-	820,907
Inventory	242,287	298,089	40,078	580,454
Total Current Assets	<u>\$ 4,268,604</u>	<u>\$ 1,118,996</u>	<u>\$ 40,778</u>	<u>\$ 5,428,378</u>
Noncurrent Assets				
Restricted cash - SCWA - debt service	\$ 3,001,693	\$ -	\$ -	\$ 3,001,693
Capital assets:				
Land and land improvements	\$ 173,898	\$ 1,143,415	\$ 4,314,688	\$ 5,632,001
Utility plant in service	24,738,286	23,804,804	-	48,543,090
Water capacity rights	4,420,000	-	-	4,420,000
Vehicles	1,423,860	3,537,718	-	4,961,578
Equipment and machinery	1,180,691	253,645	-	1,434,336
Less accumulated depreciation	(17,191,982)	(3,791,875)	(153,266)	(21,137,123)
Total capital assets (net of accumulated depreciation)	<u>\$ 14,744,753</u>	<u>\$ 24,947,707</u>	<u>\$ 4,161,422</u>	<u>\$ 43,853,882</u>
Total Noncurrent Assets	<u>\$ 17,746,446</u>	<u>\$ 24,947,707</u>	<u>\$ 4,161,422</u>	<u>\$ 46,855,575</u>
Total assets	<u>\$ 22,015,050</u>	<u>\$ 26,066,703</u>	<u>\$ 4,202,200</u>	<u>\$ 52,283,953</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable and accrued expenses	\$ 657,697	\$ 1,171,049	\$ 17,679	\$ 1,846,425
Accrued salaries payable	40,185	38,922	4,437	83,544
Accrued interest payable	34,713	-	48,642	83,355
Due to other funds	637,740	5,071,396	1,724,969	7,434,105
Customers' deposits payable	540,045	-	-	540,045
Current portion of long-term debt	436,722	43,844	61,293	541,859
Total Current Liabilities	<u>\$ 2,347,102</u>	<u>\$ 6,325,211</u>	<u>\$ 1,857,020</u>	<u>\$ 10,529,333</u>
Noncurrent Liabilities				
Capital lease obligations	\$ 146,022	\$ 135,955	\$ -	\$ 281,977
Compensated absences	87,146	52,721	12,914	152,781
Bonds payable	1,746,231	-	3,940,141	5,686,372
Total Noncurrent Liabilities	<u>\$ 1,979,399</u>	<u>\$ 188,676</u>	<u>\$ 3,953,055</u>	<u>\$ 6,121,130</u>
Total liabilities	<u>\$ 4,326,501</u>	<u>\$ 6,513,887</u>	<u>\$ 5,810,075</u>	<u>\$ 16,650,463</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 12,425,461	\$ 24,773,766	\$ 161,422	\$ 37,360,649
Restricted for SCWA - debt service	3,861,693	-	-	3,861,693
Unrestricted	1,401,395	(5,220,950)	(1,769,297)	(5,588,852)
Total Net Assets	<u>\$ 17,688,549</u>	<u>\$ 19,552,816</u>	<u>\$ (1,607,875)</u>	<u>\$ 35,633,490</u>
Total Liabilities and Net Assets	<u>\$ 22,015,050</u>	<u>\$ 26,066,703</u>	<u>\$ 4,202,200</u>	<u>\$ 52,283,953</u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Assets --  
 Proprietary Funds  
 Year Ended June 30, 2010

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Operating revenues:				
Charges for services	\$ 7,052,997	\$ 412,951	\$ 599,402	\$ 8,065,350
Connection fees	2,348,026	-	-	2,348,026
Miscellaneous income	18,166	871	46	19,083
Total operating revenues	\$ 9,419,189	\$ 413,822	\$ 599,448	\$ 10,432,459
Operating expenses:				
Personal services	\$ 1,269,225	\$ 1,167,950	\$ 127,815	\$ 2,564,990
Fringe benefits	363,350	289,739	31,799	684,888
Contractual services	833,655	526,265	544,155	1,904,075
Wastewater treatment services	2,176,623	-	-	2,176,623
Water purchased for resale	1,393,433	-	-	1,393,433
Other charges	1,528,301	610,697	207,555	2,346,553
Depreciation	573,022	942,492	61,842	1,577,356
Total operating expenses	\$ 8,137,609	\$ 3,537,143	\$ 973,166	\$ 12,647,918
Operating income (loss)	\$ 1,281,580	\$ (3,123,321)	\$ (373,718)	\$ (2,215,459)
Nonoperating revenues (expenses):				
State grants	\$ -	\$ 463,441	\$ -	\$ 463,441
Federal grants	-	508,479	-	508,479
Investment earnings	163,271	-	-	163,271
Contribution to SCWA for debt service	(870,000)	-	-	(870,000)
Interest expense	(119,414)	(8,738)	(209,423)	(337,575)
Total nonoperating revenues (expenses)	\$ (826,143)	\$ 963,182	\$ (209,423)	\$ (72,384)
Income (loss) before contributions and transfers	\$ 455,437	\$ (2,160,139)	\$ (583,141)	\$ (2,287,843)
Capital contributions and construction grants	-	2,315,371	-	2,315,371
Transfers in	-	143,830	-	143,830
Changes in net assets	\$ 455,437	\$ 299,062	\$ (583,141)	\$ 171,358
Net assets at beginning of year, (deficit)	17,233,112	19,253,754	(1,024,734)	35,462,132
Net assets at end of year, (deficit)	\$ 17,688,549	\$ 19,552,816	\$ (1,607,875)	\$ 35,633,490

The accompanying notes to financial statements are an integral part of this statement.

Statement of Cash Flows --  
 Proprietary Funds  
 Year Ended June 30, 2010

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 9,406,069	\$ 455,670	\$ 599,815	\$ 10,461,554
Payments to suppliers	(1,635,028)	(1,458,756)	(154,438)	(3,248,222)
Payments to employees (including fringe benefits)	(5,658,348)	(1,118,635)	(758,367)	(7,535,350)
Net cash provided (used) by operating activities	\$ 2,112,693	\$ (2,121,721)	\$ (312,990)	\$ (322,018)
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	\$ (36,041)	\$ (2,615,062)	\$ -	\$ (2,651,103)
Capital grants	-	2,772,820	-	2,772,820
Interest expense	(126,275)	(8,738)	(169,802)	(304,815)
Retirement of indebtedness	(854,873)	(36,314)	-	(891,187)
Net cash (used) by capital and related financing activities	\$ (1,017,189)	\$ 112,706	\$ (169,802)	\$ (1,074,285)
<b>Cash flows from noncapital financing activities:</b>				
State and federal grants	\$ -	\$ 1,721,542	\$ -	\$ 1,721,542
Advances (to) and from other funds	(1,000,000)	287,473	482,792	(229,735)
Net cash provided by noncapital financing activities	\$ (1,000,000)	\$ 2,009,015	\$ 482,792	\$ 1,491,807
Increase in cash and cash equivalents	\$ 95,504	\$ -	\$ -	\$ 95,504
Cash and cash equivalents at beginning of year	1,224,381	-	700	1,225,081
Cash and cash equivalents at end of year	\$ 1,319,885	\$ -	\$ 700	\$ 1,320,585
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,281,580	\$ (3,123,321)	\$ (373,718)	\$ (2,215,459)
Adjustments to reconcile net loss to net cash provided by operations:				
Depreciation	\$ 573,022	\$ 942,492	\$ 61,842	\$ 1,577,356
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable and due from other governments	(50,270)	41,848	-	(8,422)
Inventory	13,100	(44,955)	(6,660)	(38,515)
Increase (decrease) in:				
Accounts payable and accrued expenses	263,049	62,090	370	325,509
Customer deposits	37,150	-	-	37,150
Compensated absences	(4,938)	125	5,176	363
Total adjustments	\$ 831,113	\$ 1,001,600	\$ 60,728	\$ 1,893,441
Net cash provided (used) by operating activities	\$ 2,112,693	\$ (2,121,721)	\$ (312,990)	\$ (322,018)
Noncash investing, capital and financing activities:				
Contribution to SCWA for debt service	\$ (870,000)	\$ -	\$ -	\$ (870,000)

The accompanying notes to financial statements are an integral part of this statement.



Statement of Fiduciary Net Assets  
At June 30, 2010

	Hospital Trust Fund		Private- Purpose Trust	Agency Funds
ASSETS				
Cash and cash equivalents	\$	540,844	\$	469,188
Total assets	\$	540,844	\$	469,188
LIABILITIES				
Accounts payable	\$	100,000	\$	-
Amounts held for inmates		-		293,643
Jail inmate telephone account		-		119,852
Amounts held for social service clients		-		55,693
Total liabilities	\$	100,000	\$	469,188
NET ASSETS				
Held for hospitalization care for welfare recipients		440,844		-
Total liabilities and net assets	\$	540,844	\$	469,188

The accompanying notes to financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Assets  
Year Ended June 30, 2010

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	Hospital Trust Fund <u>Private- Purpose Trust</u>
<b>Additions</b>	
Investment income	\$ 31,230
Total additions	<u>\$ 31,230</u>
<b>Deductions</b>	
Administrative charges	<u>\$ 35,000</u>
Total deductions	<u>\$ 35,000</u>
Change in net assets	\$ (3,770)
Net assets - beginning of the year	<u>444,614</u>
Net assets - end of the year	<u><u>\$ 440,844</u></u>

The accompanying notes to financial statements are an integral part of this statement.

## CITY OF PETERSBURG, VIRGINIA

### Notes to Financial Statements As of June 30, 2010

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#### **Note 1—Summary of Significant Accounting Policies:**

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The City of Petersburg, Virginia (the City) was incorporated in 1850 and its current Charter was granted in 1962. The City is governed by an elected seven member City Council. The City operates under a Council/Manager form of government and provides the following services: public safety (police and fire), public works, health and welfare services, parks, recreation and cultural, education, community and economic development and judicial and general administrative services.

#### **A. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity is financial accountability. Financial accountability includes the appointment of a voting majority of the organizations governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the City of Petersburg, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

#### **B. Individual Component Unit Disclosures**

*Blended Component Unit.* The City has no blended component units to be included for the fiscal year ended June 30, 2010.

*Discretely Presented Component Unit.* The School Board is a discretely presented component unit of the City of Petersburg, Virginia for the fiscal year ended June 30, 2010.

The School Board members are elected by the citizens and are responsible for the operations of the City's School System. The School Board is fiscally dependent on the City in that the City has the ability to approve its budget and any amendments and serves as the primary funding source for the School Board.

Complete financial statements of the School Board can be obtained from the administrative offices at Petersburg Public Schools, 255 South Boulevard East, Petersburg, Virginia 23805.

#### **C. Other Related Organizations**

##### **Included in the City's Comprehensive Annual Financial Report**

None

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**C. Other Related Organizations: (Continued)**

**Excluded from the City's Comprehensive Annual Financial Report**

**Joint Ventures**

**South Central Wastewater Authority**

The South Central Wastewater Authority is considered a joint venture and therefore its operations are not included in the City's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase wastewater treatment services from the Authority at prescribed rates and capacity levels. Based on the City's capacity level of 10.5 million gallons out of total capacity of 20 million gallons, the City retains an on-going financial responsibility for the joint venture due to this requirement. The City's expenditures for wastewater treatment services for the year ended June 30, 2010 were \$2,276,169 and amortization of prepaid debt service totaled \$870,000. The City does not retain a financial interest in the SCWA.

Complete financial statements for the Authority can be obtained from the Authority's office at 900 Magazine Road, Petersburg, Virginia 23803.

**Riverside Regional Jail Authority**

The Riverside Regional Jail Authority is considered a joint venture and therefore its operations are not included in the City's financial statements. The Counties of Charles City, Chesterfield, Prince George and Surry and the Cities of Petersburg, Colonial Heights and Hopewell each appoint one member to the seven member board. Each participating entity is required to commit prisoners and pay the established per diem charge in accordance with its service agreement with the RRJA. The City's expenditures for confinement services for the year ended June 30, 2010 were \$1,860,219. The City does not retain a financial interest in the RRJA.

Complete financial statements for the Authority can be obtained from the Authority's office at 1000 River Road, Hopewell, Virginia 23860.

**Appomattox River Water Authority**

The Appomattox River Water Authority is considered a joint venture and therefore its operations are not included in the City's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase water in accordance with its service agreement with the ARWA. The City's expenses for water purchased for the year ended June 30, 2010 were \$1,329,297. The City does not retain a financial interest in the ARWA.

Complete financial statements for the ARWA can be obtained from the ARWA's office at 21300 Chesdin Road, Petersburg, Virginia 23860.

## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 1—Summary of Significant Accounting Policies: (Continued)

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#### C. Other Related Organizations: (Continued)

##### Jointly Governed Organizations

###### Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (CVWMA) is considered a jointly governed organization and therefore its operations are not included in the City's financial statements. The Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George and the Cities of Petersburg, Colonial Heights, Hopewell, and Richmond and the Town of Ashland each appoint at least one member and no more than three members to the twenty member board based on population. The City appoints two of the twenty members to the CVWMA Board. The CVWMA Board has the ability to execute contracts and to budget and expend funds. No locality contributes more than 50 % of the CVWMA's funding.

###### Appomattox Basin Industrial Development Corporation

The Appomattox Basin Industrial Development Corporation (ABIDCO) is considered a jointly governed organization and therefore its operations are not included in the City's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg, Colonial Heights, and Hopewell each appoint one member to the six member ABIDCO Board. The ABIDCO Board has the ability to execute contracts and to budget and expend funds. No locality contributes more than 50 % of the ABIDCO's funding.

###### District 19 Community Services Board

The District 19 Community Services Board (Board) is considered a jointly governed organization and therefore its operations are not included in the City's financial statements. The Counties of Greenville, Surry, Sussex and Dinwiddie and the Cities of Petersburg, Colonial Heights, Hopewell and Emporia each appoint a member to the Board. The City cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the City.

##### Related Organizations

The City Council is responsible for appointing the members of the Petersburg Redevelopment and Housing Authority (the Housing Authority) and the Petersburg Industrial Development Authority (the Development Authority), but the City Council's financial accountability for these organizations does not extend beyond making these appointments. The Housing Authority provides housing to eligible families for redevelopment and conservation of housing in the City. The Housing Authority performs certain services under contract with the City for community development block grants and downtown redevelopment and conservation projects. The Development Authority was established under the Industrial Development and Revenue Act, Code of the Commonwealth of Virginia. The Development Authority has the responsibility to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate or to remain in the City.

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the City of Petersburg, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

Management's Discussion and Analysis - GAAP require the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

Government-wide financial statements - The GAAP reporting model includes financial statements prepared using full accrual accounting for all of the City's non-fiduciary activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its components unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the Primary Government is reported separately from certain legally separate component units for which the Primary Government is financially accountable.

Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the Primary Government (government and business-type activities) and its discretely presented component unit. Governments report all capital assets, in the government-wide Statement of Net Assets and report their depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)**

Reconciliation of Government-wide and Fund Financial Statements - A summary reconciliation of the difference between total fund balances as reflected on the Governmental Funds Balance Sheet and total net assets for governmental activities as shown on the government-wide Statement of Net Assets is presented in a schedule accompanying the Governmental Funds' Balance Sheet. The asset and liability elements which comprise the reconciliation differences stem from Governmental Funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. A summary reconciliation of the differences between net change in total fund balances as reflected on the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances, and the change in net assets for governmental activities as shown on the government-wide Statement of Activities, is presented in a schedule accompanying the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances. The revenue and expense elements which comprise the reconciliation differences stem from the governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Administrative overhead charges are included in direct expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. For the governmental funds, the financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. For the proprietary funds, the financial statements consist of a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows. For the fiduciary funds, the financial statements consist of a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets.

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)**

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many government's revise their original budgets over the course of the year for a variety of reasons. Under the reporting model, governments provide budgetary comparison information in their annual reports, including the government's original budget and a comparison of final budget and actual results.

Measurement Focus and Basis of Accounting:

The government-wide financial statements are reported and accounted for using the economic resources measurement focus and the accrual basis of accounting, which include all assets and liabilities associated with governmental and business-type activities. Assets and liabilities associated with fiduciary activities are included in the Statement of Fiduciary Net Assets. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City either gives or receives value without directly, receiving or giving equal value in exchange, include sales and income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales and income taxes are recognized when the underlying exchange transaction takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants, entitlements and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.), which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not specifically restricted to the various programs are reported as general revenues. The City does not allocate indirect expenses. Operating grants presented include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.



**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers non-grant related revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period to the extent they are measurable and available. Reimbursement grants, or expenditure-driven grants, are recognized as revenue when measurable, all eligibility criteria have been met, the related amounts become available, and if received within one year. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims and judgments, and landfill closure liability and post-closure monitoring, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. GAAP sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a single column in the fund financial statements. Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements' governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements. The City's fund types utilized are as follows:

**1. Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following funds.

**a. General Fund**

The General Fund is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)**

**1. Governmental Funds: (Continued)**

- b. Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the Federal and State Projects Fund and Community Development Act. Both of these funds are considered non-major funds for reporting purposes.
- c. Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities. Capital Projects Funds consist of Capital Projects Fund. The Capital Projects fund is considered a major fund for reporting purposes.
- d. Permanent Funds - Permanent funds are used to report the resources that are legally restricted to the extent that only earnings (and not principal) may be used for the purposes that support the City's programs for the benefit of the government or its citizenry. Permanent funds consist of the Blandford Cemetery Perpetual Care, Clara J. McKenney Memorial, and Library Endowment funds. These funds are considered non-major funds for financial reporting purposes.

**2. Proprietary Funds**

Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liability is incurred. City proprietary funds consist of Enterprise Funds.

Enterprise Funds

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services and state and federal grants. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major enterprise funds.

Public Utility Fund - to account for the operations of the City's water system.

Mass Transit Fund - to account for the operations of the City's bus system.

Golf Course Fund - to account for the operations of the Dogwood Trace Golf Course.

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)**

3. Fiduciary Funds (Trust and Agency Funds) - account for assets held by the City in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private-Purpose Trust Funds and Agency Funds. The Private-Purpose Trust Fund accounts for monies derived from investment earnings to provide hospitalization care for welfare recipients in the City and is named the Hospital Trust Fund. The Agency Funds are custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. Fiduciary funds are not included in the government-wide financial statements. Agency funds include the Special Welfare, Jail Inmate, Drug Seizure and Industrial Development Authority Fund. The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**E. Budgets and Budgetary Accounting**

The following procedures are used by the City in establishing the budgetary data reflected in the financial statements:

1. Prior to April 30, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Ordinance.
4. The Appropriations Ordinance places legal restrictions of budgetary control at the function level for the General Fund and the fund level for the Special Revenue Funds. City Council must approve any budget revisions at the function level once the appropriation ordinance has been adopted.
5. Capital Projects Funds are budgeted on a project-length basis. Adopted budgets may be amended or superseded by action of City Council.
6. Budgets are also adopted by City Council for the Enterprise Funds. Budget to actual comparisons for these funds are not presented since there is no legal requirement for such presentation.
7. Appropriations, except for encumbrances and reserved fund balances, lapse at year-end.
8. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
9. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 1—Summary of Significant Accounting Policies: (Continued)

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#### F. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All funds, unless otherwise classified as restricted, are deposited into pooled bank accounts; the major account defined as the General Fund concentration account. As disbursements are made from the payroll, budget, and social services bank accounts, funds from the General Fund concentration account are automatically transferred to those bank accounts to cover those disbursements on a daily basis.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Investments for the City, as well as for its component unit, are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

#### G. Investments:

Investments are stated at fair value which approximates market; no investments are valued at cost.

#### H. Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,481,300 at June 30, 2010 and is comprised of the following:

Property taxes - General Fund	\$ 511,332
Refuse and consumer's utility taxes - General Fund	158,687
Public Utility Accounts	811,281
Total	<u>\$ 1,481,300</u>

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable December 5th. The City bills and collects its own property taxes.

## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 1—Summary of Significant Accounting Policies: (Continued)

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#### I. South Central Wastewater Authority Water Capacity Rights:

The City participates in the South Central Wastewater Authority joint venture. The SCWA was established when the City transferred its investment in its wastewater treatment assets, net of the related debt of approximately \$19 million, in exchange for 10.5 million gallons of capacity valued at \$1 million per 1 million gallons of capacity and a payment of \$9.5 million. The purchase proceeds were placed in escrow to create a rate stabilization fund for Petersburg to retire its share of the SCWA public improvement bond issue. This escrow is held by SCWA. The City maintained 10.5 million gallons of capacity or 52.5% of the plant's total capacity. The joint venture agreement does not state that the City is to share in the profits and losses of SCWA, and there is no explicit, measurable equity interest in SCWA. The City reports the escrowed proceeds as a restricted asset and the water capacity rights as an intangible capital asset. At June 30, 2010 the City has Restricted Assets totaling \$860,000 and \$3,001,693 as current and noncurrent in its public utility fund.

#### J. Capital Assets:

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide and proprietary fund financial statements. Capital assets are defined by the City as land, buildings, infrastructure, road registered vehicles, intangible assets and equipment with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Intangibles	40
Land Improvements	15-20
Buildings	40
Building Improvements	20-40
Buses	12
Machinery and Equipment	5-20
Vehicles	3-10
Infrastructure	30-50

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**K. Compensated Absences**

City employees are granted vacation and sick leave in varying amounts. In the event of termination, other than retirement, City employees are reimbursed for accumulated vacation days based on years of service and are not reimbursed for accumulated sick leave. Upon retirement, City employees are reimbursed for accumulated vacation days and accumulated sick leave. A liability for these amounts is reported in governmental funds if they have matured, for example, as a result of employee resignations and retirements.

For City governmental funds, the cost of accumulated vacation and sick leave expected to be paid based on known terminations at year-end is recorded as a fund liability and all other amounts are recorded in the government-wide statements as a liability. For City proprietary funds, the cost of vacation and sick leave is recorded as a liability when earned.

**L. Retirement Plan**

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service costs over a 30-year period. The City's policy is to fund pension cost as it accrues.

**M. Property Taxes**

The City levies real estate and personal property taxes on property within its boundaries, except those specifically exempted by statute. These levies are assessed each year as of July 1 on the estimated market value of the property, at which time a lien in favor of the City is automatically attached to the property. The City follows the practices of reassessing real estate and personal property annually.

Real estate taxes are payable in equal quarterly installments on September 30, December 31, March 31, and June 30. Personal property taxes are payable in full on June 5. Property taxes are levied to finance activities of the fiscal year in which they are due from the taxpayer. The City bills and collects taxes and recognizes such as revenues when measurable and available in the General Fund and when earned in the governmental activities. Property taxes, net of allowance for uncollectible amounts, not collected within 60 days after year end are reflected as unearned revenue in the governmental fund financial statements. For government-wide reporting, uncollected property taxes, net of allowance for uncollectible amounts, are reported as revenues.

**N. Inventory and Land Held for Resale**

Inventory consists of expendable supplies held for consumption and commercial and residential property held for resale. Inventories are valued at cost or using the first-in, first-out method for the supplies held for consumption. The land parcels held for resale are valued at the lower of cost or market value.

**O. Long-term Obligations**

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond discounts and issuance costs in the government-wide financial statements are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred expenses.

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**O. Long-term Obligations: (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City management believes that financial assurance requirements of the Financial Assurance Regulations for solid waste disposal (Administrative Code Section 20-70-210) are being met through the use of the local government financial test. The City plans to fund landfill closure and post-closure monitoring costs through operating and capital budgets.

**P. Fund Equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

As of June 30, 2010, there was a deficit fund balance in the Golf Course Fund (\$1,607,875). It is expected that future operating revenues will remediate the deficit in the Golf Course Fund.

**Q. Use of Estimates:**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**R. Internal and Intra-entity Activity:**

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds have been eliminated or reclassified. Eliminations are made in the Statement of Net Assets to minimize the “grossing-up” effect on assets and liabilities within the governmental and business-type activities columns of the Primary Government. Amounts reported in the funds as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the government wide financial statements, except for net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Payments from a fund receiving revenue to a fund through which the revenue is to be expended are reported as transfers. Such payments include transfers for debt service and capital construction.

In the government-wide financial statements, resource flows between the Primary Government and the discretely presented Component Unit are reported as if they were external transactions.



## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 1—Summary of Significant Accounting Policies: (Continued)

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#### S. Restricted Cash:

The City has governmental fund restricted cash amounts in its Capital Projects Fund, which consists of unexpended bond proceeds, and in Permanent Funds which are restricted of amounts held for cemetery and other purposes. Restricted cash amounts in the Public Utility Fund are to be used for fund South Central Wastewater Authority debt service amounts through fiscal year ending June 30, 2014. The amount to be paid during FY 2011 is \$860,000.

### Note 2—Deposits and Investments:

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#### Deposits

All cash of the city is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

#### Investments

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

#### Custodial Credit Risk (Investments)

The City’s investment policy provides that securities purchased for the City shall be held by the City Treasury or by the Treasurer’s custodian. If held by a custodian, the securities must be in the City’s name or in the custodian’s nominee name and identifiable on the custodian’s books as belonging to the City. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller) to the transaction. At June 30, 2010 all of the City’s investments were held in accordance with this policy.

#### Credit Risk of Debt Securities

The City’s investment policy is to follow the legal limits set forth in the Code of Virginia, 2.2-45, Investment of Public Funds Act, which describes the types of investments permitted. The City has not established credit risk limits for each category of investment; however, the City has an emphasis on high credit quality and known marketability. The City has contracted with investment advisors to ensure compliance. The City’s rated debt investments as of June 30, 2010 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.



CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 2—Deposits and Investments: (Continued)**

Credit Risk of Debt Securities: (Continued)

	Fair Quality Ratings			
	AAAm	AAA	AA+	AA
Primary Government:				
Local Government Investment Pool	\$ 784,585	\$ -	\$ -	\$ -
SNAP	6,388,810	-	-	-
U.S. Savings Bonds	-	2,000	-	-
Corporate debt	-	-	282,126	-
Municipal public bonds	-	-	712,471	-
U.S. Agency Securities	-	3,972,877	-	-
Total Primary Government investments	\$ <u>7,173,395</u>	\$ <u>3,974,877</u>	\$ <u>994,597</u>	\$ <u>-</u>

Interest Rate Risk

The City does not have a policy regarding interest rate risk.

Investment Type	Investment Maturities (in years)				
	Fair Value	<1 Year	1-5 Years	6-10 Years	Greater than 10 Years
Primary Government:					
Local Government Investment Pool	\$ 784,585	\$ 784,585	\$ -	\$ -	\$ -
SNAP	6,388,810	6,388,810	-	-	-
U.S. Savings Bonds	2,000	-	-	-	2,000
Corporate debt	282,126	198,919	83,207	-	-
Municipal public bonds	712,471	-	712,471	-	-
U.S. Agency Securities	3,972,876	429,931	3,542,945	-	-
Total Primary Government investments	\$ <u>12,142,868</u>	\$ <u>7,802,245</u>	\$ <u>4,338,623</u>	\$ <u>-</u>	\$ <u>2,000</u>

External Investment Pools

The fair values of the positions in the LGIP are the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 2—Deposits and Investments: (Continued)

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#### Foreign Currency Risk

The City does not have a policy regarding foreign currency risk and the City does not have any investments in foreign currencies.

#### Concentration of Credit Risk

The City does not have a policy regarding concentration of credit risk.

### Note 3—Due From Other Governmental Units:

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At June 30, 2010 the City has receivables from other governments as follows:

	<u>Primary Government</u>	
	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Commonwealth of Virginia:		
Local sales taxes	\$ 603,532	\$ -
Miscellaneous grants	339,630	-
Shared expenses	431,245	-
Public assistance and welfare administration	273,188	-
Comprehensive services	471,257	-
Mass Transit	-	28,846
PPTRA	2,294,331	-
Communications tax	324,966	-
Federal Government:		
Public assistance and welfare administration	493,438	-
Community Development Block Grant	62,500	-
Miscellaneous grants	234,279	-
Mass Transit	-	792,061
Total due from other governments	\$ <u>5,528,366</u>	\$ <u>820,907</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 4—Interfund Transfers Due From/To Other Funds/Primary Government/Component Unit:**

Individual fund and interfund receivable and payable balances relate to working capital loans at June 30, 2010 are presented below:

<u>Fund</u>	<u>Due from Other Funds/ Component Unit</u>	<u>Due to Other Funds/ Component Unit</u>
Interfund Balances:		
General	\$ 7,324,395	\$ -
Capital projects	279,781	-
Enterprise:		
Public Utility	-	637,740
Mass Transit	-	5,071,396
Golf Course	-	1,724,969
Non-major funds:		
Blandford Cemetery Perpetual Care	-	170,071
Total	<u>\$ 7,604,176</u>	<u>\$ 7,604,176</u>
Reporting Entity:		
Primary Government - General Fund	\$ 2,136,282	\$ -
Primary Government - Capital Projects Fund	-	3,239,813
School Board - General Fund	1,103,531	-
Total	<u>\$ 3,239,813</u>	<u>\$ 3,239,813</u>

Interfund balances have been recorded to cover fund cash deficits; however, it is expected that future revenue streams will enable repayment from the Public Utility Fund. For the Federal and State Projects and the Mass Transit Funds, grants from the state and federal governments are the anticipated source from which the funds will reimburse the General Fund. As investments mature in the Blandford Cemetery Perpetual Care Fund, funds will be available to reimburse the General Fund.

**Interfund Transfers**

Interfund transfers for the year ended June 30, 2010, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Major Funds:		
General	\$ 104,686	\$ 143,830
Capital Projects	73,852	
Enterprise:		
Golf Course	143,830	-
Nonmajor Funds:		
Community Development Act Fund	-	98,538
Blandford Cemetery Perpetual Care	-	80,000
Total	<u>\$ 322,368</u>	<u>\$ 322,368</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

**CITY OF PETERSBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 5—Inventory:**

At June 30, 2010 the City has inventory recorded in the various funds as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Expendable supplies	\$ 147,461	\$ 580,454
Land and building inventory held for resale:		
324 Commercial/residential lots owned in the City	4,810,666	-
8 Commercial buildings owned in Dinwiddie County	<u>32,181</u>	<u>-</u>
Totals	\$ <u>4,990,308</u>	\$ <u>580,454</u>

The following is a summary of changes in inventory held for resale for the fiscal year ended June 30, 2010:

	<u>Balance July 1, 2009</u>	<u>Purchases</u>	<u>Sales</u>	<u>Balance June 30, 2010</u>
Land and building inventory held for resale:				
334 Commercial/residential lots owned in the City	\$ 4,713,674	\$ 101,292	\$ 4,300	\$ 4,810,666
8 Commercial buildings owned in Dinwiddie County	<u>32,181</u>	<u>-</u>	<u>-</u>	<u>32,181</u>
Totals	\$ <u>4,745,855</u>	\$ <u>101,292</u>	\$ <u>4,300</u>	\$ <u>4,842,847</u>

# CITY OF PETERSBURG, VIRGINIA

## Notes to Financial Statements As of June 30, 2010 (Continued)

### Note 6—Capital Assets:

#### Primary Government:

The following is a summary of changes in governmental capital assets for the fiscal year ended June 30, 2010:

	Balances July 1, 2009	Additions	Deletions	Balance June 30, 2010
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,839,171	\$ -	\$ 200,000	\$ 6,639,171
Construction in progress	1,177,106	2,335,131	1,974,350	1,537,887
Total capital assets not being depreciated	\$ 8,016,277	\$ 2,335,131	\$ 2,174,350	\$ 8,177,058
Capital assets being depreciated:				
Buildings	\$ 64,500,289	\$ 189,745	\$ 4,877	\$ 64,685,157
Infrastructure	103,195,470	1,552,530	-	104,748,000
Vehicles	9,357,728	575,852	249,523	9,684,057
Equipment (other than vehicles)	9,997,483	131,467	-	10,128,950
Total capital assets being depreciated	\$ 187,050,970	\$ 2,449,594	\$ 254,400	\$ 189,246,164
Less accumulated depreciation for:				
Buildings	\$ 33,570,839	\$ 1,490,314	\$ 4,877	\$ 35,056,276
Infrastructure	92,159,441	3,491,600	-	95,651,041
Vehicles	8,192,270	509,657	249,523	8,452,404
Equipment	3,999,065	966,627	-	4,965,692
Total accumulated depreciation	\$ 137,921,615	\$ 6,458,198	\$ 254,400	\$ 144,125,413
Total capital assets being depreciated, net	\$ 49,129,355	\$ (4,008,604)	\$ -	\$ 45,120,751
Governmental Activities capital assets, net	\$ 57,145,632	\$ (1,673,473)	\$ 2,174,350	\$ 53,297,809
Reconciliation of primary government net assets invested in capital assets net of related debt:				
Net capital assets				\$ 53,297,809
Long-term debt applicable to capital assets:				
General obligation bonds			\$ 25,667,417	
School Literary Fund loan			4,725,000	
School Qualified Zone				
Academy Bonds			4,610,874	
Note payable			6,761,672	
Capital lease obligations			1,292,389	43,057,352
Less-debt proceeds received but not expended on capital assets at June 30, 2010				(7,638,869)
Net long-term debt, as adjusted				\$ 35,418,483
Net assets invested in capital assets, less related debt				\$ 17,879,326

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 6—Capital Assets: (Continued)**

**Primary Government: (Continued)**

The following is a summary of changes in Public Utility Fund capital assets for the fiscal year ended June 30, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Business-type Activities:</b>				
<b>Public Utility Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 173,898	\$ -	\$ -	\$ 173,898
Total capital assets not being depreciated	\$ 173,898	\$ -	\$ -	\$ 173,898
Capital assets being depreciated:				
Plant	\$ 24,738,286	\$ -	\$ -	\$ 24,738,286
Water capacity rights intangible asset	4,420,000	-	-	4,420,000
Vehicles	1,445,165	29,591	50,896	1,423,860
Equipment and machinery	1,174,241	6,450	-	1,180,691
Total capital assets being depreciated	\$ 31,777,692	\$ 36,041	\$ 50,896	\$ 31,762,837
Less accumulated depreciation for:				
Plant	\$ 13,034,118	\$ 378,472	\$ -	\$ 13,412,590
Water capacity rights intangible asset	1,436,500	110,500	-	1,547,000
Vehicles	1,231,839	55,875	50,896	1,236,818
Equipment and machinery	967,399	28,175	-	995,574
Total accumulated depreciation	\$ 16,669,856	\$ 573,022	\$ 50,896	\$ 17,191,982
Total capital assets being depreciated, net	\$ 15,107,836	\$ (536,981)	\$ -	\$ 14,570,855
Public Utility fund capital assets, net	<u>\$ 15,281,735</u>	<u>\$ (536,981)</u>	<u>\$ -</u>	<u>\$ 14,744,753</u>

**CITY OF PETERSBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 6—Capital Assets: (Continued)**

**Primary Government: (Continued)**

The following is a summary of changes in Mass Transit Fund capital assets for the fiscal year ended June 30, 2010:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
<b>Business-type Activities:</b>				
<b>Mass Transit Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,143,415	\$ -	\$ -	\$ 1,143,415
Construction in progress	<u>20,557,472</u>	<u>1,595,695</u>	<u>22,153,167</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 21,700,887</u>	<u>\$ 1,595,695</u>	<u>\$ 22,153,167</u>	<u>\$ 1,143,415</u>
Capital assets being depreciated:				
Plant	\$ 1,651,637	\$ 22,153,167	\$ -	\$ 23,804,804
Vehicles	5,768,577	18,323	2,249,182	3,537,718
Equipment and machinery	<u>243,861</u>	<u>9,784</u>	<u>-</u>	<u>253,645</u>
Total capital assets being depreciated	<u>\$ 7,664,075</u>	<u>\$ 22,181,274</u>	<u>\$ 2,249,182</u>	<u>\$ 27,596,167</u>
Less accumulated depreciation for:				
Plant	\$ 1,002,998	\$ 635,012	\$ -	\$ 1,638,010
Vehicles	3,854,852	303,950	2,249,182	1,909,620
Equipment and machinery	<u>240,715</u>	<u>3,530</u>	<u>-</u>	<u>244,245</u>
Total accumulated depreciation	<u>\$ 5,098,565</u>	<u>\$ 942,492</u>	<u>\$ 2,249,182</u>	<u>\$ 3,791,875</u>
Total capital assets being depreciated, net	<u>\$ 2,565,510</u>	<u>\$ 21,238,782</u>	<u>\$ -</u>	<u>\$ 23,804,292</u>
Mass Transit fund capital assets, net	<u><u>\$ 24,266,397</u></u>	<u><u>\$ 22,834,477</u></u>	<u><u>\$ 22,153,167</u></u>	<u><u>\$ 24,947,707</u></u>

**CITY OF PETERSBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 6—Capital Assets: (Continued)**

**Primary Government: (Continued)**

The following is a summary of changes in Golf Course Fund capital assets for the fiscal year ended June 30, 2010:

	<b>Balance July 1, 2009</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2010</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Business-type Activities:</b>				
<b>Golf Course</b>				
Capital assets, not being depreciated:				
Land	\$ 3,383,047	\$ -	\$ -	\$ 3,383,047
Total capital assets not being depreciated	\$ 3,383,047	\$ -	\$ -	\$ 3,383,047
Capital assets being depreciated:				
Land improvements	\$ 931,641	\$ -	\$ -	\$ 931,641
Total capital assets being depreciated	\$ 931,641	\$ -	\$ -	\$ 931,641
Less accumulated depreciation for:				
Land improvements	\$ 91,424	\$ 61,842	\$ -	\$ 153,266
Total accumulated depreciation	\$ 91,424	\$ 61,842	\$ -	\$ 153,266
Total capital assets being depreciated, net	\$ 840,217	\$ (61,842)	\$ -	\$ 778,375
Golf Course fund capital assets, net	<u>\$ 4,223,264</u>	<u>\$ (61,842)</u>	<u>\$ -</u>	<u>\$ 4,161,422</u>
 Total Business-type Activities capital assets, net	 <u>\$ 43,771,396</u>	 <u>\$ 22,235,654</u>	 <u>\$ -</u>	 <u>\$ 43,853,882</u>



CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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**Note 6—Capital Assets: (Continued)**

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**Primary Government: (Continued)**

Depreciation expense was charged to the functions/programs of the Primary Governmental as follows:

Governmental activities:

General government administration	\$	71,200
Judicial administration		173,538
Public safety		1,395,041
Public works		3,690,543
Health and welfare		155,755
Education		801,664
Parks, recreation and cultural		152,557
Community development		<u>17,900</u>

Total Governmental activities	\$	<u>6,458,198</u>
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Business-type activities:

Public Utility Fund	\$	573,022
Mass Transit Fund		942,492
Golf Course Fund		<u>61,842</u>

Total Business-type activities	\$	<u><u>1,577,356</u></u>
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**CITY OF PETERSBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 7—Long-Term Obligations:**

**Primary Government**

The following is a summary of governmental long-term obligation transactions of the City for the year ended June 30, 2010:

<u>Description</u>	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Long-term obligation transactions:					
General obligation bonds	\$ 18,604,067	\$ 8,560,000	\$ 1,496,650	\$ 25,667,417	\$ 1,588,788
School Literary Fund loan	5,150,000	-	425,000	4,725,000	425,000
School Qualified Zone Academy Bonds	5,013,085	-	402,211	4,610,874	414,670
Note payable	10,246,855		3,485,183	6,761,672	3,609,028
Capital lease obligations	1,691,239	62,106	460,956	1,292,389	320,979
Landfill closure and post- closure liability	6,206,677	-	-	6,206,677	-
OPEB	177,000	152,000	-	329,000	-
Compensated absences	2,380,870	32,190	116,241	2,296,819	229,682
 Total Governmental Activities long-term obligations	 \$ 49,469,793	 \$ 8,806,296	 \$ 6,386,241	 \$ 51,889,848	 \$ 6,588,147
Short-term obligation transactions:					
Anticipation notes	-	5,000,000	5,000,000	-	-
 Total Governmental Activities obligations	 \$ 49,469,793	 \$ 13,806,296	 \$ 11,386,241	 \$ 51,889,848	 \$ 6,588,147

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize governmental activities obligations outstanding as of June 30, 2010 are as follows:

Year Ending June 30,	General Obligation Bonds		Literary Loans		Notes Payable		Qualified Zone Academy Bonds	Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2011	\$ 1,588,788	\$ 818,021	\$ 425,000	\$ 94,500	\$ 3,609,028	\$ 193,438	\$ 414,670	\$ 320,979	\$ 50,869
2012	2,225,522	743,459	425,000	86,000	580,830	122,448	427,535	292,509	38,033
2013	1,628,105	677,704	425,000	77,500	603,482	99,795	440,815	228,053	26,581
2014	1,779,463	620,446	425,000	69,000	627,018	76,259	454,527	201,299	16,782
2015	1,821,013	551,971	425,000	60,500	651,472	51,806	468,686	165,055	8,196
2016	1,603,794	480,898	425,000	52,000	689,842	26,398	618,057	84,494	2,366
2017	1,596,578	431,930	425,000	43,500	-	-	379,996	-	-
2018	925,493	391,103	425,000	35,000	-	-	336,402	-	-
2019	936,972	378,531	425,000	26,500	-	-	421,457	-	-
2020	951,690	365,184	425,000	18,000	-	-	177,259	-	-
2021	736,408	352,782	425,000	9,500	-	-	256,812	-	-
2022	746,127	341,425	50,000	1,000	-	-	77,632	-	-
2023	755,845	329,877	-	-	-	-	137,026	-	-
2024	770,563	317,864	-	-	-	-	-	-	-
2025	780,282	305,070	-	-	-	-	-	-	-
2026	790,000	291,768	-	-	-	-	-	-	-
2027	802,958	277,586	-	-	-	-	-	-	-
2028	300,915	262,358	-	-	-	-	-	-	-
2029	313,873	246,401	-	-	-	-	-	-	-
2030	331,831	230,154	-	-	-	-	-	-	-
2031	344,789	213,207	-	-	-	-	-	-	-
2032	357,746	195,424	-	-	-	-	-	-	-
2033	378,944	176,943	-	-	-	-	-	-	-
2034	395,141	157,351	-	-	-	-	-	-	-
2035	411,338	136,984	-	-	-	-	-	-	-
2036	435,775	115,458	-	-	-	-	-	-	-
2037	451,972	92,307	-	-	-	-	-	-	-
2038	479,648	68,196	-	-	-	-	-	-	-
2039	499,085	42,692	-	-	-	-	-	-	-
2040	526,760	16,146	-	-	-	-	-	-	-
Total	\$ 25,667,417	\$ 9,629,239	\$ 4,725,000	\$ 573,000	\$ 6,761,672	\$ 570,144	\$ 4,610,874	\$ 1,292,389	\$ 142,827

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

The following is a summary of governmental long-term obligations as of June 30, 2010:

Original Amount	Description	Outstanding Amount at June 30, 2010
<b>General Obligation Bonds:</b>		
\$ 11,365,000	Series 1997 general obligation bonds due in annual installments of \$255,000 to \$1,285,000 through January 2017; interest at 4.3% to 5.25% (\$8,565,000 of original issue allocated to governmental; \$2,800,000 to business-type)	\$ 2,596,254
6,155,000	Series 2004 refunding general obligation bonds due in annual installments of \$75,000 to \$620,000 through July 2019, interest at 2.5% to 4.125%	3,805,000
3,430,000	Series 2004B general obligation refunding bonds due in annual installments of \$60,000 to \$945,000 through March 2013, interest at 3.58% (\$1,330,000 of original issue allocated to governmental; \$2,100,000 to business-type)	286,939
4,355,000	Series 2005A general obligation refunding bonds due in annual installments of \$330,000 to \$505,000 through January 15, 2017, interest at 3.35% (\$3,282,057 of original issue allocated to governmental; \$1,072,943 to business-type)	2,434,224
625,000	Series 2005 general obligation bond due July 1, 2011; interest at 6.25%	625,000
7,360,000	Series 2009A general obligation bonds due in various annual installments through 2040, interest at various rates (\$7,360,000 of original issue allocated to governmental; \$4,000,000 to business-type)	7,360,000
7,285,000	Qualified School Construction Bonds issued November 13, 2009, due in various annual installments ranging from \$135,000 to \$515,000 through March 15, 2022 interest free as a federal tax credit is provided to bondholders	7,285,000
1,275,000	VML / VACO Recovery Act Bonds issued November 13, 2009, due in various annual installments ranging from \$30,000 to \$70,000 through March 15, 2022	1,275,000
	Total general obligation bonds	\$ 25,667,417

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2010
<b>State Literary Fund Loans:</b>		
\$ 7,500,000	State Literary Fund Loan issued December 13, 1999, due in annual installments of \$375,000 through December 15, 2021, interest at 2%	\$ 4,125,000
1,000,000	State Literary Fund Loan issued March 15, 2002, due in annual installments of \$50,000 through March 15, 2022 interest at 2%	600,000
	Total State Literary Fund Loans	\$ <u>4,725,000</u>
<b>Qualified Zone Academy Bonds:</b>		
1,400,000 (1)	Series 2001 issued December 14, 2001, due in annual installments of \$70,000 through December 15, 2014, final payment of \$204,750 due December 15, 2015	\$ 758,991
600,000 (2)	Series 2002 issued December 27, 2002, due in annual installments of \$34,124 through December 15, 2015	335,163
2,142,167 (3)	Series 2003 issued December 29, 2003, due in annual installments of \$107,700 through December 29, 2017, final payment of \$182,500 due December 29, 2018	1,438,048
1,536,671 (4)	Series 2004 issued December 30, 2004, due in annual installments of \$78,329 through December 30, 2019, final payment of \$153,667 due December 30, 2020	1,128,964
1,116,857 (5)	Series 2006 issued October 31, 2006, due in annual installments of \$54,300 through October 31, 2022, final payment of \$111,686 due October 31, 2023	<u>949,708</u>
	Total Qualified Zone Academy Bonds	\$ <u>4,610,874</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

Original Amount	Description	Outstanding Amount at June 30, 2010
	<b>Notes Payable:</b>	
\$ 5,732,712	Issued December 8, 2005 for acquisition of 800 MHz Communications System; due in annual installments of \$703,277 through January 9, 2016; interest at 3.9%	\$ 3,711,672
6,000,000	Issued December 5, 2007 for school building renovation and improvements; due in two installments on December 5, 2009 and December 5, 2010; interest at 3.19%	3,050,000
	Notes Payable	\$ 6,761,672
	<b>Other Obligations:</b>	
	Capital lease obligations	1,292,389
	Landfill closure and post-closure liability	6,206,677
	Other post employment benefits	329,000
	Compensated absences	2,296,819
	Total governmental activities	\$ 51,889,848
(1) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 3.79% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$1,400,000.		
(2) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 3.40% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$600,000.		
(3) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 3.40% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$2,142,167.		
(4) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 2.0% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$1,536,671.		
(5) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 2.57% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$1,116,857.		

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

Qualified Zone Academy Bonds (QZABs) are zero interest loans. Annually, payments are made into a sinking fund that is irrevocably pledged to the bank that issued the bonds. The sinking funds are held by the bank in custody and in escrow for the benefit of the bank and any future owners of the QZAB and are irrevocably pledged to secure the payment of the principal of the QZAB. The annual payments are deposited and invested in qualified governmental investments and accrue interest during the life of the bond. The interest inures to the benefit of the bank, just as the annual deposit. Due to the irrevocable nature of the sinking fund, the annual deposits made thereto and the interest earned to date are considered defeasance of debt. Instead of interest, the bondholder receives a tax credit.

The following is a summary of proprietary long-term obligation transactions of the City for the year ended June 30, 2010:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010	Amounts Due Within One Year
Public Utility Fund:					
General obligation bonds	\$ 2,860,933	\$ -	\$ 763,349	\$ 2,097,584	\$ 351,353
Capital lease obligations	313,232	-	91,524	221,708	75,686
Compensated absences	<u>101,767</u>	<u>11,121</u>	<u>16,059</u>	<u>96,829</u>	<u>9,683</u>
Total Public Utility fund	<u>\$ 3,275,932</u>	<u>\$ 11,121</u>	<u>\$ 870,932</u>	<u>\$ 2,416,121</u>	<u>\$ 436,722</u>
Mass Transit Fund:					
Capital lease obligations	\$ 210,255	\$ -	\$ 36,314	\$ 173,941	\$ 37,986
Compensated absences	<u>58,454</u>	<u>8,452</u>	<u>8,327</u>	<u>58,579</u>	<u>5,858</u>
Total Mass Transit fund	<u>\$ 268,709</u>	<u>\$ 8,452</u>	<u>\$ 44,641</u>	<u>\$ 232,520</u>	<u>\$ 43,844</u>
Golf Course Fund:					
General obligation bonds	\$ 4,000,000	\$ -	\$ -	\$ 4,000,000	\$ 59,859
Compensated absences	<u>9,172</u>	<u>5,176</u>	<u>-</u>	<u>14,348</u>	<u>1,434</u>
Total Golf Course fund	<u>\$ 4,009,172</u>	<u>\$ 5,176</u>	<u>\$ -</u>	<u>\$ 4,014,348</u>	<u>\$ 61,293</u>
Total Business-type Activities	<u>\$ 7,553,813</u>	<u>\$ 24,749</u>	<u>\$ 915,573</u>	<u>\$ 6,662,989</u>	<u>\$ 541,859</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

The following is a summary of business-type activity long-term obligations transactions as of June 30, 2010:

**Primary Government - Business-Type Activities:**

<u>Original Amount</u>	<u>Description</u>	<u>Outstanding Amount at June 30, 2010</u>
	<b>Public Utility Fund:</b>	
	General Obligation Bonds:	
\$ 11,365,000	Series 1997 general obligation bonds due in annual installments of \$255,000 to \$1,285,000 through January 2017; interest at 4.3% to 5.25% (\$8,565,000 of original issue allocated to governmental; \$2,800,000 to business-type)	848,746
3,430,000	Series 2004B general obligation refunding bonds due in annual installments of \$60,000 to \$945,000 through March 2013, interest at 3.58% (\$1,330,000 of original issue allocated to governmental; \$2,100,000 to business-type)	453,061
4,355,000	Series 2005A general obligation refunding bonds due in annual installments of \$330,000 to \$505,000 through January 15, 2017, interest at 3.35% (\$3,282,057 of original issue allocated to governmental; \$1,072,943 to business-type)	795,777
	Total general obligation bonds	\$ 2,097,584
	Capital Lease Obligations	\$ 221,708
	Compensated absences	96,829
	Total Public Utility Fund	\$ 2,416,121
	<b>Mass Transit Fund:</b>	
	Capital Lease Obligation	\$ 173,941
	Compensated absences	58,579
	Total Mass Transit Fund	\$ 232,520
	<b>Golf Course Fund:</b>	
\$ 4,000,000	Series 2009A general obligation bonds due in various annual installments through 2040, interest at various rates (\$7,360,000 of original issue allocated to governmental; \$4,000,000 to business-type)	\$ 4,000,000
	Total general obligation bonds	
	Compensated absences	14,348
	Total Golf Course Fund	\$ 4,014,348
	Total business-type activities	\$ 6,662,989



CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize business-type activities obligations outstanding as of June 30, 2010 are as follows:

Year Ending June 30,	General Obligation Bonds				Capital Lease Obligations			
	Public Utility Fund		Golf Course Fund		Public Utility Fund		Mass Transit Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 351,353	\$ 88,617	\$ 59,859	\$ 194,507	\$ 75,686	\$ 6,792	\$ 37,986	\$ 7,066
2012	366,098	74,885	63,380	191,745	44,766	4,446	39,735	5,317
2013	336,754	60,557	65,141	188,645	35,668	3,061	41,564	3,487
2014	296,876	45,696	68,662	185,432	36,973	1,755	43,478	1,574
2015	301,804	32,263	72,183	181,942	28,615	431	11,178	84
2016	220,502	18,666	75,704	178,153	-	-	-	-
2017	224,197	9,406	79,225	174,182	-	-	-	-
2018	-	-	84,507	169,987	-	-	-	-
2019	-	-	88,028	165,566	-	-	-	-
2020	-	-	93,310	160,919	-	-	-	-
2021	-	-	98,592	156,001	-	-	-	-
2022	-	-	103,873	150,963	-	-	-	-
2023	-	-	109,155	145,821	-	-	-	-
2024	-	-	114,437	140,426	-	-	-	-
2025	-	-	119,718	134,769	-	-	-	-
2026	-	-	125,000	128,836	-	-	-	-
2027	-	-	132,042	122,556	-	-	-	-
2028	-	-	139,085	115,886	-	-	-	-
2029	-	-	146,127	108,819	-	-	-	-
2030	-	-	153,169	101,596	-	-	-	-
2031	-	-	160,211	94,170	-	-	-	-
2032	-	-	167,254	86,330	-	-	-	-
2033	-	-	176,056	78,112	-	-	-	-
2034	-	-	184,859	69,472	-	-	-	-
2035	-	-	193,662	60,410	-	-	-	-
2036	-	-	204,225	50,720	-	-	-	-
2037	-	-	213,028	40,393	-	-	-	-
2038	-	-	225,352	29,544	-	-	-	-
2039	-	-	235,915	18,127	-	-	-	-
2040	-	-	248,239	6,143	-	-	-	-
Total	\$ 2,097,584	\$ 330,091	\$ 4,000,000	\$ 3,630,173	\$ 221,708	\$ 16,485	\$ 173,941	\$ 17,528

**CITY OF PETERSBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Capital Leases:</b>			
\$508,329 issued August 2005 for the purchase of 15 police cruisers, backhoe and stakebody platform truck, backhoe loader and other equipment; payable in monthly installments of \$9,254; interest at 3.53%	\$ 18,427	\$ -	\$ 18,427
\$78,038 issued August 7, 2008 for the purchase of 3 police vehicles; payable in monthly installments of \$1,472 through August, 2014; interest at 4.98%	51,648	-	51,648
\$97,207 issued April 27, 2009 for the purchase of 3 police vehicles and one Chevrolet Suburban; payable in monthly installments of \$1,875 through April, 2014; interest at 5.90%	77,014	-	77,014
\$607,751 issued April 27, 2009 for the purchase of a HVAC replacement system; payable in monthly installments of \$8,653 through April, 2016; interest at 5.90%	521,203	-	521,203
\$1,101,124 issued February 25, 2005 for the purchase of equipment; payable in monthly installments of \$10,940 through March 1, 2015; interest at 3.60%	403,543	168,859	572,402
\$137,592 issued March, 2006, for the purchase of 2005 Freightliner with equipment; payable in monthly installments of \$2,531; interest at 3.96%	-	22,412	22,412
\$300,000 issued December 17, 2006, for the purchase of litter collection vacuum, street sweeper, postage machine, electronic radio system, three pickups; payable in monthly installments of \$5,547; interest at 4.16%	66,189	30,437	96,626
\$63,500 issued September 26, 2007 for the purchase of a Maintenance Department IH stake body truck; payable in monthly installments of \$1,184 through September 2012; interest at 4.51%	30,348	-	30,348

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Capital Leases: (Continued)</b>			
\$99,785 issued September 26, 2007 for the purchase of five Ford Explorers for Police Department; payable in monthly installments of \$1,858 through September 2012; interest at 4.45%	\$ 47,653	\$ -	\$ 47,653
\$270,000 issued September 26, 2007 for the City's share of the purchase of nine Gillig buses for Mass Transit Department (balance paid with federal grant funds); payable in monthly installments of \$3,754 through September 2014; interest at 4.51%	-	173,941	173,941
\$62,106 issued December 9, 2009 for the purchase of a computer aided Mast Appraisal Software; payable in two installments of \$19,333 through December 2011	38,667	-	38,667
\$69,711 issued January 25, 2008 for the purchase of 2007 Chevrolet bus for Public Works Department; payable in monthly installments of \$1,279 through January 2013; interest at 3.87%	37,697	-	37,697
<b>Total capital lease obligations</b>	<u>\$ 1,292,389</u>	<u>\$ 395,649</u>	<u>\$ 1,688,038</u>
Total equipment cost of assets acquired through capital lease	\$ 2,936,418	\$ 995,841	\$ 3,932,259
Total accumulated depreciation on assets acquired through capital lease	(1,468,503)	(525,382)	(1,993,885)
Net remaining book value	<u>\$ 1,467,915</u>	<u>\$ 470,459</u>	<u>\$ 1,938,374</u>

	<u>Date Issued</u>	<u>Balance July 1, 2009</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2010</u>
Tax Revenue anticipation note	9/30/2009	\$ -	\$ 5,000,000	\$ 5,000,000	\$ -
		<u>\$ -</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ -</u>

The City's general fund is responsible for repaying long-term obligation amounts.

## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### **Note 7—Long-Term Obligations: (Continued)**

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#### **Primary Government: (Continued)**

The City's General Fund is responsible for repaying governmental long-term obligation amounts.

Qualified Zone Academy Bonds (QZABs) are zero interest loans. Annually, payments are made into a sinking fund that is irrevocably pledged to the bank that issued the bonds. The sinking funds are held by the bank in custody and in escrow for the benefit of the bank and any future owners of the QZAB and are irrevocably pledged to secure the payment of the principal of the QZAB. The annual payments are deposited and invested in qualified governmental investments and accrue interest during the life of the bond. The interest inures to the benefit of the bank, just as the annual deposit. Due to the irrevocable nature of the sinking fund, the annual deposits made thereto and the interest earned to date are considered defeasance of debt. Instead of interest, the bondholder receives a tax credit.

#### **Business-Type Activities**

The general obligation bonds payable above, totaling \$2,097,584, are secured by the full faith and credit of the City. However, bonds payable are expected to be paid from water utility fund service revenues. Notes payable are expected to be paid from the operating revenues of the Golf Course.

Prior years' debt defeasance:

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2010, the amount of defeased debt outstanding amounted to \$9,170,000.

### **Note 8—Unearned Revenue:**

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Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue totaling \$4,328,305 is comprised of the following:

#### **A. Unearned Property Tax Revenue**

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$4,322,483 at June 30, 2010.

**CITY OF PETERSBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 8—Unearned Revenue: (Continued)****B. Unearned Revenue Other**

The City has received \$5,822 in grant funds which are unexpended at year end.

Unearned Revenue Item	Governmental Funds			Entity-Wide Activities
	General Fund	Federal and State Projects Fund	Total Governmental Funds	
Litter control state grant funding	\$ -	\$ 5,822	\$ 5,822	\$ 5,822
Local delinquent real and personal property taxes	4,322,483	-	4,322,483	-
	<u>\$ 4,322,483</u>	<u>\$ 5,822</u>	<u>\$ 4,328,305</u>	<u>\$ 5,822</u>

**Note 9—Commitment and Contingencies:**

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

**Note 10—Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other local governments in Virginia to form the Virginia Municipal Group Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The City pays an annual premium to the association for its workers compensation insurance.

In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The City continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 11—Litigation:

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At June 30, 2010, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

### Note 12—Defined Benefit Pension Plan:

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#### A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan  
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% sheriffs and if the employer elects, other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

#### B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the City is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's employee's contribution rate for the fiscal year ended 2010 was 7.31% of annual covered payroll.

## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

### Note 12—Defined Benefit Pension Plan: (Continued)

#### C. Annual Pension Cost

For fiscal year 2010, the City's annual pension cost of \$1,833,951 was equal to the City's required and actual contributions.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$ 1,833,951	100%	\$ -
June 30, 2009	1,815,149	100%	-
June 30, 2008	1,894,650	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

#### D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the City's plan was 92.06% funded. The actuarial accrued liability for benefits was \$134,738,581, and the actuarial value of assets was \$124,045,871, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,692,710. The covered payroll (annual payroll of active employees covered by the plan) was \$24,957,555 and ratio of the UAAL to the covered payroll was 42.84%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 13—Landfill Closure and Postclosure Care Costs:

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State and federal laws and regulations require the City to place a final cover on each phase of its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. In accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, the City reported a liability for a portion of these closure and postclosure care costs based on landfill capacity used. The \$6,206,677 reported as a landfill closure, postclosure care cost, and corrective action cost liability as of June 30, 2010 is based on the use of 90.32% of the estimated capacity used to date. The City will recognize the remaining estimated cost of closure and postclosure care of \$558,023 as the remaining estimated capacity is utilized in the existing open cell. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. Actual closure and postclosure care costs may be different due to inflation, changes in technology, or changes in regulations. The landfill's remaining life is estimated to be 3 years. The amount included for corrective action costs is \$1,000,000, as required by the Virginia Department of Environmental Quality, until a formal corrective action plan as submitted by the City is approved and carried out.

The City plans to meet all federal laws, regulations and tests of financial assurance related to the financing of closure and postclosure care when they become effective, however subsequent to year end the City is in the process of transferring its landfill obligations to an independent contractor.

### Note 14—Expenditures and Appropriations:

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Expenditures exceeded appropriations at June 30, 2010 as follows:

Function	Appropriation	Expenditures	Amount
Parks, recreation and cultural	\$ 2,164,620	\$ 2,315,747	151,127
Debt service - principal retirement	1,959,050	3,320,000	1,360,950
Nondepartmental	844,200	1,149,019	304,819

### Note 15—Other Post-Employment Benefits Program:

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#### A. Plan Description

The City Post-Retirement Medical Plan is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. The plan is administered by the County. Retired employees, who were enrolled in the City group health insurance plan for the 24 month prior to retirement date, who were employed by City with at least 20 years of service and who retire under the VRS plan are eligible to elect post-retirement coverage in the plan. The plan has no separate financial report.



# CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

## Note 15—Other Post-Employment Benefits Program: (Continued)

### B. Funding Policy

The City establishes employer contribution rates for plan participants as part of the budgetary process each year. The City also determines how the plan will be funded each year whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. For participating retirees the City contributed zero per month towards the monthly premium and the retiree contributes all remaining funds towards the monthly premium. Retirees pay 100 % of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

### C. Annual OPEB Cost and Net OPEB Obligation

In accordance with GASB Statement No. 45, an actuarial study was performed calculating the postemployment healthcare costs as of July 1, 2009. The actuarial valuation estimated the Unfunded Actuarial Accrued Liability ("UAAL") at \$3,098,000 and an Annual Required Contribution ("ARC") of \$287,000. The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The City paid \$135,000 towards the estimated pay as you go cost for OPEB benefits in fiscal year 2010. The City elected to pre-fund OPEB liabilities. The City is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

#### Annual OPEB Cost

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ending June 30, 2010 and 2009 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$ 287,000	35%	\$ 329,000
June 30, 2009	274,000	35%	177,000

# CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

## Note 15—Other Post-Employment Benefits Program: (Continued)

### C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

#### Annual OPEB Cost: (Continued)

For 2010, the City's cash payments of \$135,000 were less than the annual pension costs. The City's annual OPEB cost, the contributions made, and the increase in net OPEB obligation as well as the net OPEB obligation for 2010 is as follows:

	<u>City</u>
Annual required contribution	\$ 287,000
Interest on net OPEB obligation	7,000
Adjustment to annual required contribution	(7,000)
Annual OPEB cost (expense)	\$ 287,000
Contributions made	135,000
Increase (decrease) in net OPEB obligation	\$ 152,000
Net OPEB obligation - beginning of year	177,000
Net OPEB obligation - end of year	<u>\$ 329,000</u>

#### Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010 is as follows:

Actuarial accrued liability (AAL)	\$ 3,098,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	3,098,000
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	18,933,000
UAAL as a percentage of covered payroll	16.36%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Note 15—Other Post-Employment Benefits Program: (Continued)**

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**C. Annual OPEB Cost and Net OPEB Obligation: (Continued)**

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Cost Method

In the June 30, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 10 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer’s own investments calculated based on the funded level of the plan at the valuation date, and on the employer’s own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5.5 percent after ten years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010 was up to thirty years.

Interest Assumptions

	<u>Funded</u>
Discount rate	7.5%
Payroll growth	N/A

**Note 16—Subsequent Event:**

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The City entered into a purchase and sale agreement dated August 31, 2009 in which the City’s property including the sanitary landfill currently operating under Virginia Solid Waste Facility Permit No. 228 will be sold for \$350,000 to an independent contractor. In addition the contractor, upon taking possession of the Landfill, will assume all liabilities and duties for compliance with applicable laws and regulations, with the Permit and with all subsequent amendments to include maintenance of financial assurance, monitoring, corrective action, closure, and post-closure care. During FY 2010 the City’s title to the property has been transferred to the Contractor. Subsequent to year end the Contractor will be obtaining a Permit from DEQ. When DEQ issues the Contractor the Permit the City’s liability for closure and post-closure care will be removed from the City’s long-term obligations.

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### **REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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## **Budgetary Comparison Schedule**

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Schedule of Revenues, Expenditures and Changes in Fund Balances --  
 Budget and Actual -- General Fund  
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 33,139,000	\$ 33,139,000	\$ 34,703,935	\$ 1,564,935
Other local taxes	13,649,000	13,649,000	12,445,767	(1,203,233)
Permits, privilege fees and regulatory licenses	407,950	407,950	483,718	75,768
Fines and forfeitures	868,000	868,000	684,907	(183,093)
Revenue from use of money and property	300,000	300,000	289,334	(10,666)
Charges for services	2,419,550	2,419,550	2,154,043	(265,507)
Miscellaneous	72,900	180,450	348,002	167,552
Recovered costs	338,800	338,800	273,283	(65,517)
Intergovernmental:				
Commonwealth	23,965,195	24,501,743	21,074,194	(3,427,549)
Federal	5,005,685	5,610,684	5,658,184	47,500
Total revenues	<u>\$ 80,166,080</u>	<u>\$ 81,415,177</u>	<u>\$ 78,115,367</u>	<u>\$ (3,299,810)</u>
Expenditures:				
Current:				
General government administration	\$ 4,120,375	\$ 4,120,375	\$ 3,826,456	\$ 293,919
Judicial administration	2,097,978	2,106,462	1,973,393	133,069
Public safety	25,412,520	26,467,226	26,270,400	196,826
Public works	11,084,340	11,490,078	9,324,744	2,165,334
Health and welfare	17,293,123	17,543,123	14,668,974	2,874,149
Education	11,054,860	11,054,860	9,912,306	1,142,554
Parks, recreation, and cultural	2,119,699	2,164,620	2,315,747	(151,127)
Community development	3,478,124	3,566,125	3,278,336	287,789
Debt service:				
Principal retirement	1,959,050	1,959,050	3,320,000	(1,360,950)
Interest and other fiscal charges	1,529,340	1,529,340	1,565,609	(36,269)
Nondepartmental	844,200	844,200	1,149,019	(304,819)
Total expenditures	<u>\$ 80,993,609</u>	<u>\$ 82,845,459</u>	<u>\$ 77,604,984</u>	<u>\$ 5,240,475</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (827,529)</u>	<u>\$ (1,430,282)</u>	<u>\$ 510,383</u>	<u>\$ 1,940,665</u>
Other financing sources:				
Transfers in	\$ 380,560	\$ 380,560	\$ 104,686	\$ (275,874)
Transfers (out)	(143,830)	(143,830)	(143,830)	-
Sale of landfill	-	-	350,000	350,000
Issuance of debt	-	-	62,106	62,106
Total other financing sources	<u>\$ 236,730</u>	<u>\$ 236,730</u>	<u>\$ 372,962</u>	<u>\$ 136,232</u>
Changes in fund balance	<u>\$ (590,799)</u>	<u>\$ (1,193,552)</u>	<u>\$ 883,345</u>	<u>\$ 2,076,897</u>
Fund balances at beginning of year	<u>590,799</u>	<u>1,193,552</u>	<u>20,256,027</u>	<u>19,062,475</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,139,372</u>	<u>\$ 21,139,371</u>

Schedules of Funding Progress for the Virginia Retirement System and  
Other Post Employment Benefits  
Last Three Fiscal Years

Virginia Retirement System

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued (UAAL) (c) (b) - (a)	Funded Ratio (d) (a) / (b)	Annual Covered Payroll (e)	UAAL as % of Payroll (f) (c) / (e)
6/30/2009	\$ 124,045,871	\$ 134,738,581	\$ 10,692,710	92.06%	\$ 24,957,555	42.84%
6/30/2008	125,580,258	127,860,370	2,280,112	98.22%	23,770,223	9.59%
6/30/2007	115,754,579	118,660,764	2,906,185	97.55%	22,689,844	12.81%

Other Post Employment Benefits

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued (UAAL) (c) (b) - (a)	Funded Ratio (d) (a) / (b)	Annual Covered Payroll (e)	UAAL as % of Payroll (f) (c) / (e)
6/30/2010	\$ -	\$ 3,098,000	\$ 3,098,000	0.00%	\$ 18,933,000	16.36%
6/30/2009	-	2,919,000	2,919,000	0.00%	18,933,000	15.42%

**OTHER SUPPLEMENTARY INFORMATION**

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## **Combining and Individual Fund Statements and Schedules**

Nonmajor Governmental Funds  
Combining Balance Sheet  
At June 30, 2010

	Special Revenue Funds		Permanent Funds			
	Federal and State Projects Fund	Community Development Act Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 225,039	\$ 259,481	\$ 170,071	\$ -	\$ -	\$ 654,591
Restricted cash	-	-	1,873,839	18,985	2,000	1,894,824
Due from other governments	210,990	62,500	-	-	-	273,490
Total assets	<u>\$ 436,029</u>	<u>\$ 321,981</u>	<u>\$ 2,043,910</u>	<u>\$ 18,985</u>	<u>\$ 2,000</u>	<u>\$ 2,822,905</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 38,044	\$ 44,050	\$ -	\$ -	\$ -	\$ 82,094
Accrued salaries payable	28,451	-	-	-	-	28,451
Due to other funds	-	-	170,071	-	-	170,071
Due to other governments	20,935	-	-	-	-	20,935
Unearned revenue	5,822	-	-	-	-	5,822
Total liabilities	<u>\$ 93,252</u>	<u>\$ 44,050</u>	<u>\$ 170,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,373</u>
<b>FUND BALANCES</b>						
Fund balance:						
Reserved for:						
Community development	\$ -	\$ 277,931	\$ -	\$ -	\$ -	\$ 277,931
Perpetual care	-	-	1,873,839	-	-	1,873,839
Memorial funds	-	-	-	18,985	-	18,985
Library	-	-	-	-	2,000	2,000
Unreserved, undesignated	342,777	-	-	-	-	342,777
Total fund balances	<u>\$ 342,777</u>	<u>\$ 277,931</u>	<u>\$ 1,873,839</u>	<u>\$ 18,985</u>	<u>\$ 2,000</u>	<u>\$ 2,515,532</u>
Total liabilities and fund balances	<u>\$ 436,029</u>	<u>\$ 321,981</u>	<u>\$ 2,043,910</u>	<u>\$ 18,985</u>	<u>\$ 2,000</u>	<u>\$ 2,822,905</u>

## Nonmajor Governmental Funds

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2010

	Special Revenue Funds		Permanent Funds			
	Federal and State Projects Fund	Community Development Act Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	Total
<b>Revenues:</b>						
Revenue from the use of money and property	\$ -	\$ -	\$ 64,057	\$ 19	\$ -	\$ 64,076
Charges for services	-	-	12,050	-	-	12,050
Recovered costs	41,361	568	-	-	-	41,929
Intergovernmental:						-
Commonwealth	522,491	-	-	-	-	522,491
Federal	986,894	534,970	-	-	-	1,521,864
<b>Total revenues</b>	<b>\$ 1,550,746</b>	<b>\$ 535,538</b>	<b>\$ 76,107</b>	<b>\$ 19</b>	<b>\$ -</b>	<b>\$ 2,162,410</b>
<b>Expenditures:</b>						
Public safety	\$ 1,123,601	\$ -	\$ -	\$ -	\$ -	\$ 1,123,601
Education	189,988	-	-	-	-	189,988
Planning and community development	-	295,921	-	-	-	295,921
<b>Total expenditures</b>	<b>\$ 1,313,589</b>	<b>\$ 295,921</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,609,510</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 237,157</b>	<b>\$ 239,617</b>	<b>\$ 76,107</b>	<b>\$ 19</b>	<b>\$ -</b>	<b>\$ 552,900</b>
<b>Other financing sources:</b>						
Transfers (out)	\$ -	\$ (98,538)	\$ (80,000)	\$ -	\$ -	\$ (178,538)
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ (98,538)</b>	<b>\$ (80,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (178,538)</b>
<b>Changes in fund balances</b>	<b>\$ 237,157</b>	<b>\$ 141,079</b>	<b>\$ (3,893)</b>	<b>\$ 19</b>	<b>\$ -</b>	<b>\$ 374,362</b>
<b>Fund balances at beginning of year</b>	<b>105,620</b>	<b>136,851</b>	<b>1,877,732</b>	<b>18,966</b>	<b>2,000</b>	<b>2,141,169</b>
<b>Fund balances at end of year</b>	<b>\$ 342,777</b>	<b>\$ 277,931</b>	<b>\$ 1,873,839</b>	<b>\$ 18,985</b>	<b>\$ 2,000</b>	<b>\$ 2,515,532</b>

CITY OF PETERSBURG, VIRGINIA

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Special Revenue Funds

Year Ended June 30, 2010

	Federal and State Projects Fund			
	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Recovered costs	\$ -	\$ 38,000	\$ 41,361	\$ 3,361
Intergovernmental:				
Commonwealth	-	481,431	522,491	41,060
Federal	-	631,477	986,894	355,417
Total revenues	\$ -	\$ 1,150,908	\$ 1,550,746	\$ 399,838
Expenditures:				
Current:				
Public safety	\$ 143,710	\$ 1,111,769	\$ 1,123,601	\$ (11,832)
Education	-	320,000	189,988	130,012
Planning and community development	-	-	-	-
Total expenditures	\$ 143,710	\$ 1,431,769	\$ 1,313,589	\$ 118,180
Excess (deficiency) of revenues over expenditures	\$ (143,710)	\$ (280,861)	\$ 237,157	\$ 518,018
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 0	\$ -
Transfers (out)	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Changes in fund balances	\$ (143,710)	\$ (280,861)	\$ 237,157	\$ 518,018
Fund balance at beginning of the year	143,710	280,861	105,618	(175,243)
Fund balance at end of the year	\$ -	\$ -	\$ 342,775	\$ 342,775



Community Development Act Fund			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ 568	\$ 568
-	-	-	-
-	342,271	534,970	192,699
\$ -	\$ 342,271	\$ 535,538	\$ 193,267
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	348,518	295,921	52,597
\$ -	\$ 348,518	\$ 295,921	\$ 52,597
\$ -	\$ (6,247)	\$ 239,617	\$ 245,864
\$ -	\$ -	\$ -	\$ -
-	-	(98,538)	(98,538)
\$ -	\$ -	\$ (98,538)	\$ (98,538)
\$ -	\$ (6,247)	\$ 141,079	\$ 147,326
-	6,247	136,850	130,603
\$ -	\$ -	\$ 277,929	\$ 277,929

Combining Statement of Fiduciary Net Assets - Agency Funds  
At June 30, 2010

	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Drug Seizure Fund</u>	<u>Industrial Development Authority</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 55,693	\$ 287,692	\$ 31,970	\$ 93,833	\$ 469,188
Total assets	<u>\$ 55,693</u>	<u>\$ 287,692</u>	<u>\$ 31,970</u>	<u>\$ 93,833</u>	<u>\$ 469,188</u>
<b>LIABILITIES</b>					
Amounts held for social service clients	\$ 55,693	\$ -	\$ -	\$ -	\$ 55,693
Amounts held for others	-	167,840	31,970	93,833	293,643
Inmate telephone account	<u>-</u>	<u>119,852</u>	<u>-</u>	<u>-</u>	<u>119,852</u>
Total liabilities	<u>\$ 55,693</u>	<u>\$ 287,692</u>	<u>\$ 31,970</u>	<u>\$ 93,833</u>	<u>\$ 469,188</u>

Agency Funds  
Combining Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
Assets:				
Cash	\$ 56,759	\$ 80,567	\$ 81,633	\$ 55,693
Total assets	<u>\$ 56,759</u>	<u>\$ 80,567</u>	<u>\$ 81,633</u>	<u>\$ 55,693</u>
Liabilities:				
Amounts held for others	\$ 56,759	\$ 80,567	\$ 81,633	\$ 55,693
Total liabilities	<u>\$ 56,759</u>	<u>\$ 80,567</u>	<u>\$ 81,633</u>	<u>\$ 55,693</u>
<b>Jail Inmate Fund:</b>				
Assets:				
Cash	\$ 360,475	\$ 408,353	\$ 481,136	\$ 287,692
Total assets	<u>\$ 360,475</u>	<u>\$ 408,353</u>	<u>\$ 481,136</u>	<u>\$ 287,692</u>
Liabilities:				
Amounts held for others	\$ 176,753	\$ 353,058	\$ 361,971	\$ 167,840
Inmate telephone account	183,722	55,295	119,165	119,852
Total liabilities	<u>\$ 360,475</u>	<u>\$ 408,353</u>	<u>\$ 481,136</u>	<u>\$ 287,692</u>
<b>Industrial Development Authority:</b>				
Assets:				
Cash	\$ 92,431	\$ 3,146,026	\$ 3,144,624	\$ 93,833
Total assets	<u>\$ 92,431</u>	<u>\$ 3,146,026</u>	<u>\$ 3,144,624</u>	<u>\$ 93,833</u>
Liabilities:				
Amounts held for others	\$ 92,431	\$ 3,146,026	\$ 3,144,624	\$ 93,833
Total liabilities	<u>\$ 92,431</u>	<u>\$ 3,146,026</u>	<u>\$ 3,144,624</u>	<u>\$ 93,833</u>
<b>Drug Seizure Fund:</b>				
Assets:				
Cash	\$ 85,358	\$ 42,512	\$ 95,900	\$ 31,970
Total assets	<u>\$ 85,358</u>	<u>\$ 42,512</u>	<u>\$ 95,900</u>	<u>\$ 31,970</u>
Liabilities:				
Amounts held for others	\$ 85,358	\$ 42,512	\$ 95,900	\$ 31,970
Total liabilities	<u>\$ 85,358</u>	<u>\$ 42,512</u>	<u>\$ 95,900</u>	<u>\$ 31,970</u>
<b>Total -- All Agency Funds</b>				
Assets:				
Cash	\$ 595,023	\$ 3,677,458	\$ 3,803,293	\$ 469,188
Total assets	<u>\$ 595,023</u>	<u>\$ 3,677,458</u>	<u>\$ 3,803,293</u>	<u>\$ 469,188</u>
Liabilities:				
Amounts held for others	\$ 411,301	\$ 3,622,163	\$ 3,684,128	\$ 349,336
Inmate telephone account	183,722	55,295	119,165	119,852
Total liabilities	<u>\$ 595,023</u>	<u>\$ 3,677,458</u>	<u>\$ 3,803,293</u>	<u>\$ 469,188</u>

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## **Supporting Schedules**

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Governmental Funds  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 24,166,000	\$ 24,166,000	\$ 24,835,537	\$ 669,537
Real and personal public service corporation property taxes	1,100,000	1,100,000	1,330,662	230,662
Personal property taxes	4,235,000	4,235,000	3,825,311	785,311
Mobile home taxes	18,000	18,000	17,942	(58)
Machinery and tools taxes	3,040,000	3,040,000	4,039,900	(195,100)
Penalties	340,000	340,000	397,856	57,856
Interest	240,000	240,000	256,727	16,727
Total general property taxes	\$ 33,139,000	\$ 33,139,000	\$ 34,703,935	\$ 1,564,935
Other local taxes:				
Local sales and use taxes	\$ 4,000,000	\$ 4,000,000	\$ 3,396,411	\$ (603,589)
Communications tax	2,160,000	2,160,000	1,925,234	(234,766)
Consumer utility taxes	1,630,000	1,630,000	1,678,216	48,216
Business license taxes	2,850,000	2,850,000	2,553,424	(296,576)
Bank stock taxes	108,000	108,000	226,686	118,686
Motor vehicle licenses	590,000	590,000	491,904	(98,096)
Taxes on recordation and wills	330,500	330,500	219,926	(110,574)
Cigarette taxes	200,000	200,000	211,756	11,756
Admission and amusement taxes	17,500	17,500	5,906	(11,594)
Lodging taxes	460,000	460,000	375,201	(84,799)
Meals taxes	1,303,000	1,303,000	1,361,103	58,103
Total other local taxes	\$ 13,649,000	\$ 13,649,000	\$ 12,445,767	\$ (1,203,233)
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 4,000	\$ 4,000	\$ 8,205	\$ 4,205
Other permits and licenses	403,950	403,950	475,513	71,563
Total permits, privilege fees and regulatory licenses	\$ 407,950	\$ 407,950	\$ 483,718	\$ 75,768
Fines and Forfeitures:				
Court fines and forfeitures	\$ 790,000	\$ 790,000	\$ 644,442	\$ (145,558)
Other fines and forfeitures	78,000	78,000	40,465	(37,535)
Total fines and forfeitures	\$ 868,000	\$ 868,000	\$ 684,907	\$ (183,093)

Governmental Funds  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 57,758	\$ 57,758
Revenue from use of property	<u>300,000</u>	<u>300,000</u>	<u>231,576</u>	<u>(68,424)</u>
Total revenue from use of money and property	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 289,334</u>	<u>\$ (10,666)</u>
Charges for services:				
EMS transportation fees	\$ 84,000	\$ 84,000	\$ 58,842	\$ (25,158)
Court costs	154,000	154,000	213,712	59,712
Commonwealth attorney fees	2,500	2,500	1,857	(643)
Sheriff fees	8,200	8,200	13,312	5,112
Fire protection services	2,000	2,000	1,170	(830)
Other protection	-	-	1,733	1,733
Sanitation and waste removal	2,000,000	2,000,000	1,728,183	(271,817)
Sports complex fees	90,000	90,000	54,888	(35,112)
Recreation fees	22,000	22,000	22,888	888
Tourism charges	46,500	46,500	32,105	(14,395)
Other services rendered	750	750	1,340	590
Library fees	<u>9,600</u>	<u>9,600</u>	<u>24,013</u>	<u>14,413</u>
Total charges for services	<u>\$ 2,419,550</u>	<u>\$ 2,419,550</u>	<u>\$ 2,154,043</u>	<u>\$ (265,507)</u>
Miscellaneous revenue:				
Payment in lieu of tax	\$ 54,000	\$ 54,000	\$ 31,766	\$ (22,234)
Other miscellaneous revenue	<u>18,900</u>	<u>126,450</u>	<u>316,236</u>	<u>189,786</u>
Total miscellaneous revenue	<u>\$ 72,900</u>	<u>\$ 180,450</u>	<u>\$ 348,002</u>	<u>\$ 167,552</u>
Recovered costs:				
Recoveries and rebates	<u>\$ 338,800</u>	<u>\$ 338,800</u>	<u>\$ 273,283</u>	<u>\$ (65,517)</u>
Total recovered costs	<u>\$ 338,800</u>	<u>\$ 338,800</u>	<u>\$ 273,283</u>	<u>\$ (65,517)</u>
Total revenue from local sources	<u>\$ 51,195,200</u>	<u>\$ 51,302,750</u>	<u>\$ 51,382,989</u>	<u>\$ 80,239</u>



Governmental Funds  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ -	\$ -	\$ 616	\$ 616
Tax on deeds	53,033	53,033	70,366	17,333
Rolling stock tax	52,478	52,478	71,897	19,419
Auto rental tax	68,000	68,000	72,988	4,988
PPTRA	2,750,000	2,750,000	2,726,040	(23,960)
Total noncategorical aid	\$ 2,923,511	\$ 2,923,511	\$ 2,941,907	\$ 18,396
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 713,312	\$ 713,312	\$ 622,125	\$ (91,187)
Sheriff	3,346,944	3,346,944	2,804,670	(542,274)
Commissioner of the Revenue	148,000	148,000	139,567	(8,433)
Treasurer	139,000	139,000	117,763	(21,237)
Medical examiner	200	200	-	(200)
Registrar/electoral board	54,657	54,657	45,303	(9,354)
Clerk of the Circuit Court	330,680	330,680	342,207	11,527
Total shared expenses	\$ 4,732,793	\$ 4,732,793	\$ 4,071,635	\$ (661,158)
Other categorical aid:				
Public assistance and welfare administration	\$ 5,963,145	\$ 6,213,145	\$ 3,761,912	\$ (2,451,233)
Comprehensive services act grant	2,350,000	2,350,000	2,361,813	11,813
Law enforcement	2,305,000	2,305,000	2,021,715	(283,285)
Street and highway maintenance	4,500,000	4,500,000	4,565,451	65,451
Library	168,311	168,311	163,814	(4,497)
Fire program funds	50,000	50,000	93,085	43,085
Adult confinement	739,185	739,185	529,973	(209,212)
Four-for-life grant	65,000	92,300	24,114	(68,186)
E911 wireless program	-	-	359,743	359,743
Other state funds	168,250	427,498	179,032	(248,466)
Total other categorical aid	\$ 16,308,891	\$ 16,845,439	\$ 14,060,652	\$ (2,784,787)
Total categorical aid	\$ 21,041,684	\$ 21,578,232	\$ 18,132,287	\$ (3,445,945)
Total revenue from the Commonwealth	\$ 23,965,195	\$ 24,501,743	\$ 21,074,194	\$ (3,427,549)

Governmental Funds  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 5,005,685	\$ 5,005,685	\$ 5,004,634	\$ (1,051)
Sherriff grant - S.T.E.P.S.	-	105,000	105,000	-
Fiscal stabilization funds - Sheriff	-	330,535	195,360	(135,175)
Other federal grants	-	169,464	353,190	183,726
Total revenue from the federal government	\$ 5,005,685	\$ 5,610,684	\$ 5,658,184	\$ 47,500
<b>Total General Fund</b>	<b>\$ 80,166,080</b>	<b>\$ 81,415,177</b>	<b>\$ 78,115,367</b>	<b>\$ (3,299,810)</b>
<b>Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 13,769	\$ 13,769
Miscellaneous revenue:				
Sale of real estate	\$ -	\$ 90,000	\$ -	\$ (90,000)
Proffer - Crater road	-	-	400,000	400,000
Donations	-	50,000	3,090,000	3,040,000
Total miscellaneous revenue	\$ -	\$ 140,000	\$ 3,490,000	\$ 3,350,000
Total revenue from local sources	\$ -	\$ 140,000	\$ 3,503,769	\$ 3,363,769
Revenue from the Commonwealth:				
Categorical aid:				
Other state funds	\$ -	\$ 175,000	\$ -	\$ (175,000)
Department of Transportation	-	375,000	1,682,199	1,307,199
Total revenue from the Commonwealth	\$ -	\$ 550,000	\$ 1,682,199	\$ 1,132,199
Revenue from the federal government:				
Categorical aid:				
Other federal funds	-	384,012	-	(384,012)
<b>Total Capital Projects Fund</b>	<b>\$ -</b>	<b>\$ 1,074,012</b>	<b>\$ 5,185,968</b>	<b>\$ 4,111,956</b>

Governmental Funds  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>Special Revenue Funds:</b>				
<b>Federal and State Projects Fund:</b>				
Revenue from local sources:				
Recovered costs:				
Rebates and refunds	\$ -	\$ 38,000	\$ 41,361	\$ 3,361
Total recovered costs	\$ -	\$ 38,000	\$ 41,361	\$ 3,361
Total revenue from local sources	\$ -	\$ 38,000	\$ 41,361	\$ 3,361
Revenue from the Commonwealth:				
Other categorical aid:				
Criminal justice corrections grants	\$ -	\$ 233,755	\$ 276,861	\$ 43,106
Victim witness grants	-	47,933	45,898	(2,035)
VJCCCA grant	-	109,743	104,020	(5,723)
Other state revenue	-	90,000	95,712	5,712
Total revenue from the Commonwealth	\$ -	\$ 481,431	\$ 522,491	\$ 41,060
Revenue from the federal government:				
Categorical aid:				
COPS universal hiring grant	\$ -	\$ -	\$ 49,368	\$ 49,368
Summer lunch program	-	320,000	189,988	(130,012)
POWER program	-	102,233	62,423	(39,810)
Criminal justice services - victim witness	-	143,799	139,143	(4,656)
Weed and seed	-	-	137,864	137,864
Edward Byrne Memorial grant	-	-	296,692	296,692
Police technology grant	-	-	58,171	58,171
Regent grant	-	65,445	53,245	(12,200)
Total revenue from the Federal Government	\$ -	\$ 631,477	\$ 986,894	\$ 355,417
<b>Total Federal and State Projects Fund</b>	<b>\$ -</b>	<b>\$ 1,150,908</b>	<b>\$ 1,550,746</b>	<b>\$ 399,838</b>
<b>Community Development Act Fund:</b>				
Revenue from local sources:				
Recovered costs:				
Rebates and refunds	\$ -	\$ -	\$ 568	\$ 568
Total recovered costs	\$ -	\$ -	\$ 568	\$ 568
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ -	\$ 342,271	\$ 534,970	\$ 192,699
Total revenue from the Federal Government	\$ -	\$ 342,271	\$ 534,970	\$ 192,699
<b>Total Community Development Act Fund</b>	<b>\$ -</b>	<b>\$ 342,271</b>	<b>\$ 535,538</b>	<b>\$ 193,267</b>

Governmental Funds  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>Blandford Cemetery Perpetual Care Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 64,057	\$ 64,057
Total revenue from use of money and property	\$ -	\$ -	\$ 64,057	\$ 64,057
Charges for services:				
Sale of lots	\$ -	\$ -	\$ 12,050	\$ 12,050
Total charges for services	-	-	12,050	12,050
<b>Total Blandford Cemetery Perpetual Care Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 76,107</b>	<b>\$ 76,107</b>
<b>Clara J. McKenney Memorial Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 19	\$ 19
Total revenue from use of money and property	\$ -	\$ -	\$ 19	\$ 19
<b>Total Clara J. McKenney Memorial Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19</b>	<b>\$ 19</b>
<b>Total Non-major Funds</b>	<b>\$ -</b>	<b>\$ 1,493,179</b>	<b>\$ 2,162,410</b>	<b>\$ 669,231</b>
<b>Grand Total Revenues</b>	<b>\$ 80,166,080</b>	<b>\$ 83,982,368</b>	<b>\$ 85,463,745</b>	<b>\$ 1,481,377</b>

Governmental Funds  
 Schedule of Expenditures -- Budget and Actual  
 Year Ended June 30, 2010

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government:</b>				
<b>General Fund:</b>				
General government administration:				
Legislative:				
City Council	\$ 181,654	\$ 181,654	\$ 209,388	\$ (27,734)
General and financial administration:				
City Manager	419,855	419,855	239,393	180,462
Legal services	278,130	278,130	186,666	91,464
Personnel	202,360	202,360	193,407	8,953
Commissioner of the Revenue	330,200	330,200	308,281	21,919
Assessor	284,660	284,660	356,704	(72,044)
Treasurer	315,610	315,610	309,274	6,336
Finance Director	270,774	270,774	241,950	28,824
Accounting	223,650	223,650	203,902	19,748
Purchasing and general services	222,652	222,652	210,099	12,553
Data processing	147,600	147,600	151,899	(4,299)
Motor vehicle repair	883,800	883,800	881,677	2,123
Insurance - financial	127,880	127,880	103,233	24,647
Virginia Municipal League	10,970	10,970	10,973	(3)
National League of Cities	3,000	3,000	0	3,000
Virginia Institute of Government	1,500	1,500	1,500	-
Total general and financial administration	\$ 3,722,641	\$ 3,722,641	\$ 3,398,958	\$ 323,683
Board of Elections:				
Electoral board and officials	\$ 76,300	\$ 76,300	\$ 65,857	\$ 10,443
Registrar	139,780	139,780	152,253	(12,473)
Total board of elections	\$ 216,080	\$ 216,080	\$ 218,110	\$ (2,030)
Total general government administration	\$ 4,120,375	\$ 4,120,375	\$ 3,826,456	\$ 293,919
Judicial administration:				
Courts:				
Circuit court	\$ 93,100	\$ 93,100	\$ 98,689	\$ (5,589)
General district court	71,922	71,922	67,837	4,085
Magistrates	4,260	4,260	3,959	301
Juvenile justice	62,680	62,680	55,060	7,620
District J & D relations court	35,450	37,466	16,918	20,548
Clerk of the Circuit Court	610,250	610,250	649,264	(39,014)
Juvenile court services	187,706	187,706	131,225	56,481
Total courts	\$ 1,065,368	\$ 1,067,384	\$ 1,022,952	\$ 44,432

Governmental Funds  
Schedule of Expenditures -- Budget and Actual  
Year Ended June 30, 2010 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Judicial administration: (Continued)				
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,032,610	\$ 1,039,078	\$ 950,441	\$ 88,637
Total judicial administration	\$ 2,097,978	\$ 2,106,462	\$ 1,973,393	\$ 133,069
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 9,928,507	\$ 10,386,524	\$ 10,787,767	\$ (401,243)
Criminal justice academy	72,850	72,850	72,850	-
Total law enforcement and traffic control	\$ 10,001,357	\$ 10,459,374	\$ 10,860,617	\$ (401,243)
Fire and rescue services:				
Fire department	\$ 6,329,267	\$ 6,597,192	\$ 6,702,832	\$ (105,640)
Contribution to Southside VA Emergency Crew	300,000	300,000	300,000	-
Total fire and rescue services	\$ 6,629,267	\$ 6,897,192	\$ 7,002,832	\$ (105,640)
Correction and detention:				
City jail	\$ 7,838,496	\$ 8,137,265	\$ 7,801,200	\$ 336,065
Juvenile detention home	754,000	754,000	369,827	384,173
Total correction and detention	\$ 8,592,496	\$ 8,891,265	\$ 8,171,027	\$ 720,238
Other protection:				
Animal control	\$ 189,400	\$ 219,395	\$ 235,924	\$ (16,529)
Total other protection	\$ 189,400	\$ 219,395	\$ 235,924	\$ (16,529)
Total public safety	\$ 25,412,520	\$ 26,467,226	\$ 26,270,400	\$ 196,826
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 621,640	\$ 621,640	\$ 528,361	93,279
Engineering	700,600	724,962	508,213	216,749
Street maintenance	3,465,350	3,779,058	2,338,365	1,440,693
Total highways, streets, bridges and sidewalks	\$ 4,787,590	\$ 5,125,660	\$ 3,374,939	1,750,721

Governmental Funds  
Schedule of Expenditures -- Budget and Actual  
Year Ended June 30, 2010 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (continued)</b>				
Public works: (Continued)				
Sanitation and waste removal:				
Refuse collection	\$ 1,675,030	\$ 1,675,030	\$ 1,638,952	\$ 36,078
Total sanitation and waste removal	\$ 1,675,030	\$ 1,675,030	\$ 1,638,952	\$ 36,078
Maintenance of general buildings and grounds:				
Building maintenance	\$ 3,823,500	\$ 3,891,168	\$ 3,603,292	\$ 287,876
Property and liability insurance	419,320	419,320	416,883	2,437
Cemeteries maintenance	378,900	378,900	290,678	88,222
Total maintenance of general buildings and grounds	\$ 4,621,720	\$ 4,689,388	\$ 4,310,853	\$ 378,535
Total public works	\$ 11,084,340	\$ 11,490,078	\$ 9,324,744	\$ 2,165,334
Health and welfare:				
Health:				
Health department	\$ 687,713	\$ 687,713	\$ 687,453	\$ 260
Central Virginia health planning	3,650	3,650	3,650	-
Total health	\$ 691,363	\$ 691,363	\$ 691,103	\$ 260
Mental health and mental retardation:				
Community Services Board - District 19	\$ 181,960	\$ 181,960	\$ 181,955	\$ 5
Welfare:				
Social services	\$ 11,959,680	\$ 11,959,680	\$ 9,107,710	\$ 2,851,970
Family stabilization	-	250,000	238,233	11,767
Comprehensive services	4,372,310	4,372,310	4,362,165	10,145
Legal aid	85,310	85,310	85,308	2
Crater District Area Agency on Aging	2,500	2,500	2,500	-
Total welfare	\$ 16,419,800	\$ 16,669,800	\$ 13,795,916	\$ 2,873,884
Total health and welfare	\$ 17,293,123	\$ 17,543,123	\$ 14,668,974	\$ 2,874,149
Education:				
Contributions to community colleges	\$ 4,860	\$ 4,860	\$ 37,565	\$ (32,705)
Contributions to Component Unit - School Board	11,050,000	11,050,000	9,874,741	1,175,259
Total education	\$ 11,054,860	\$ 11,054,860	\$ 9,912,306	\$ 1,142,554
Parks, recreation and cultural:				
Parks and recreation:				
Parks and leisure services	\$ 1,171,020	\$ 1,182,979	\$ 1,378,358	\$ (195,379)

Governmental Funds  
Schedule of Expenditures -- Budget and Actual  
Year Ended June 30, 2010 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (continued)</b>				
Parks, recreation and cultural: (Continued)				
Cultural:				
Library	\$ 944,679	\$ 965,776	\$ 921,524	44,252
Library foundation	-	11,865	11,865	-
Petersburg Symphony	4,000	4,000	4,000	-
Total cultural	\$ 948,679	\$ 981,641	\$ 937,389	44,252
Total parks, recreation and cultural	\$ 2,119,699	\$ 2,164,620	\$ 2,315,747	(151,127)
Community development:				
Planning and community development:				
Planning	\$ 431,530	\$ 456,530	\$ 264,748	\$ 191,782
Economic development	2,119,820	2,119,820	2,056,453	63,367
Tourist promotion program	722,780	726,780	754,909	(28,129)
Crater planning district	20,480	20,480	20,475	5
Contribution to Petersburg Area Tourism	50,000	50,000	50,000	-
Contributions to other community organizations	92,014	140,015	79,668	60,347
Total planning and community development	\$ 3,436,624	\$ 3,513,625	\$ 3,226,253	\$ 287,372
Environmental management:				
Appomattox river soil & water	\$ 2,500	\$ 2,500	\$ 2,500	-
Cooperative extension program:				
VPI nutritional services	\$ 39,000	\$ 50,000	\$ 49,583	\$ 417
Total community development	\$ 3,478,124	\$ 3,566,125	\$ 3,278,336	\$ 287,789
Nondepartmental:				
Insurance	\$ 806,200	\$ 806,200	\$ 1,112,372	\$ (306,172)
Contingencies	38,000	38,000	36,647	1,353
Total nondepartmental	\$ 844,200	\$ 844,200	\$ 1,149,019	\$ (304,819)
Debt service:				
Principal retirement	\$ 1,959,050	\$ 1,959,050	\$ 3,320,000	\$ (1,360,950)
Interest and fiscal charges	1,529,340	1,529,340	1,565,609	(36,269)
Total debt service	\$ 3,488,390	\$ 3,488,390	\$ 4,885,609	\$ (1,397,219)
<b>Total General Fund</b>	<b>\$ 80,993,609</b>	<b>\$ 82,845,459</b>	<b>\$ 77,604,984</b>	<b>\$ 5,240,475</b>



Governmental Funds  
Schedule of Expenditures -- Budget and Actual  
Year Ended June 30, 2010 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>Capital Projects Fund:</b>				
Capital outlays / projects:				
Public safety:				
Fire apparatus motor vehicles	\$ 49,950	\$ 49,950	\$ 47,825	\$ 2,125
Total public safety	\$ 49,950	\$ 49,950	\$ 47,825	\$ 2,125
Public works:				
Engineering fees - bridges	\$ -	\$ -	\$ 3,924	\$ (3,924)
Engineering and design - Hospital road	-	1,715,178	1,299,997	415,181
Landfill improvements	-	-	523,477	(523,477)
Bollingbrook street bridge	-	-	352,370	(352,370)
Other projects	-	-	46,938	(46,938)
Streets, curbs and gutters	-	-	138,217	(138,217)
Total public works	\$ -	\$ 1,715,178	\$ 2,364,923	\$ (649,745)
Education:				
Peabody building renovation	\$ -	\$ 39,391	\$ -	\$ 39,391
RE Lee School	-	-	284,735	(284,735)
School bus barn	-	-	87,022	(87,022)
Total education	\$ -	\$ 39,391	\$ 371,757	\$ (332,366)
Parks, recreation and cultural:				
Battersea	\$ -	\$ -	\$ 89,745	\$ (89,745)
Park improvements - various	-	48,051	26,027	22,024
Total parks, recreation and cultural	\$ -	\$ 48,051	\$ 115,772	\$ (67,721)
Debt service:				
Principal retirement	\$ -	\$ -	\$ 2,950,000	\$ (2,950,000)
Bond issue costs	-	-	834,830	(834,830)
Total debt service	\$ -	\$ -	\$ 3,784,830	\$ (3,784,830)
<b>Total Capital Projects Fund</b>	<b>\$ 49,950</b>	<b>\$ 1,852,570</b>	<b>\$ 6,685,107</b>	<b>\$ (4,832,537)</b>

Governmental Funds  
 Schedule of Expenditures -- Budget and Actual  
 Year Ended June 30, 2010 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>Special Revenue Funds:</b>				
<b>Federal and State Projects Fund:</b>				
Public Safety:				
Law Enforcement and Traffic Control:				
SAVY program	\$ 19,326	\$ 19,326	\$ 1,946	\$ 17,380
Weed and seed grant #4	-	-	488	(488)
Weed and seed grant #5	70,142	70,142	79,012	(8,870)
Victim witness	-	191,732	185,076	6,656
Comprehensive community correction	21,456	293,211	249,872	43,339
Va. Juvenile community crime control	-	187,050	190,060	(3,010)
RCAPP - office on youth	32,786	122,786	78,149	44,637
PCC client services grant	-	-	18,460	(18,460)
POWER youth program employment	-	102,233	85,618	16,615
Litter control	-	-	1,122	(1,122)
COPS in school grant	-	-	24,626	(24,626)
COPS universay hiring	-	-	97,756	(97,756)
Police technology program grant	-	59,844	58,171	1,673
Regent grant	-	65,445	53,245	12,200
Total public safety	\$ 143,710	\$ 1,111,769	\$ 1,123,601	\$ (11,832)
Education:				
Summer lunch program	-	320,000	189,988	130,012
<b>Total Federal and State Projects Fund</b>	<b>\$ 143,710</b>	<b>\$ 1,431,769</b>	<b>\$ 1,313,589</b>	<b>\$ 118,180</b>
<b>Community Development Act Fund:</b>				
Planning and Community Development:				
Petersburg housing authority	\$ -	\$ 190,250	188,850	1,400
Petersburg healthy families lifeline	-	-	2,000	(2,000)
PCOC downpayment assistance	-	5,000	5,000	-
Foster grandparents	-	4,000	4,000	-
Demolition / removal blight	-	43,350	-	43,350
Harding street urban revitalization	-	6,247	-	6,247
YMCA - child care and after school program	-	10,000	10,000	-
Other C.A.R.E.S.	-	20,000	20,000	-
Petersburg police athletic league	-	8,671	8,671	-
Interfaith adult daycare	-	4,000	4,000	-
Salvation Army men's shelter	-	17,000	17,000	-
Pathways lead safe Petersburg	-	40,000	36,400	3,600
Total planning and community development	\$ -	348,518	295,921	52,597
<b>Total Community Development Act Fund</b>	<b>\$ -</b>	<b>348,518</b>	<b>295,921</b>	<b>52,597</b>
<b>Total Special Revenue Funds</b>	<b>\$ 143,710</b>	<b>1,780,287</b>	<b>1,609,510</b>	<b>170,777</b>
<b>Grand Total Expenditures -- Reporting Entity</b>	<b>\$ 81,187,269</b>	<b>86,478,316</b>	<b>85,899,601</b>	<b>578,715</b>

## CITY OF PETERSBURG, VIRGINIA

### Statistical Tables

<u>Section / Table #</u>	<u>Description of Section / Tables</u>
<b>Financial Trends</b>	These tables contain trend information to help the reader understand how the the City's financial performance and well-being have changed over time.
1	Net Assets by Component
2	Changes in Net Assets
3	Governmental Activities Tax Revenues by Source (Accrual Basis of Accounting)
4	Fund Balances of Governmental Funds
5	Changes in Fund Balances of Governmental Funds
6	Governmental Activities Tax Revenues by Source (Modified Accrual Basis of Accounting)
<b>Revenue Capacity</b>	These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.
7	Assessed Value of Taxable Property
8	Property Tax Rates
9	Principal Taxpayers
10	Property Tax Levies and Collections
<b>Debt Capacity</b>	These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.
11	Ratios of Outstanding Debt by Type
12	Ratio of Net General Bonded Debt to
13	Computation of Direct and Overlapping Bonded Debt
14	Revenue Coverage
<b>Demographic and Economic Information</b>	These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.
15	Demographic, Economic and Census Statistics
<b>Operating Information</b>	These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relate to the services the City provides and the activities it performs.
16	Major Private Employers
17	Full-time Equivalent County Government Employees by Function
18	Operating Indicators by Function
19	Capital Asset Statistics by Function

**Sources:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

**CITY OF PETERSBURG, VIRGINIA**

Net Assets by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 6,504,438	\$ 5,664,798	\$ 14,392,808	\$ 12,924,280
Restricted	2,921,397	2,415,968	-	1,794,038
Unrestricted	7,361,752	7,586,029	12,502,877	12,353,730
Total governmental activities net assets	<u>\$ 16,787,587</u>	<u>\$ 15,666,795</u>	<u>\$ 26,895,685</u>	<u>\$ 27,072,048</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 7,315,241	\$ 7,634,991	\$ 7,926,586	\$ 21,366,680
Restricted	-	-	-	5,917,000
Unrestricted	9,563,111	8,427,264	9,238,701	(3,233,323)
Total business-type activities	<u>\$ 16,878,352</u>	<u>\$ 16,062,255</u>	<u>\$ 17,165,287</u>	<u>\$ 24,050,357</u>
Primary government				
Invested in capital assets, net of related debt	\$ 13,819,679	\$ 13,299,789	\$ 22,319,394	\$ 34,290,960
Restricted	2,921,397	2,415,968	-	7,711,038
Unrestricted	16,924,863	16,013,293	21,741,578	9,120,407
Total primary government	<u>\$ 33,665,939</u>	<u>\$ 31,729,050</u>	<u>\$ 44,060,972</u>	<u>\$ 51,122,405</u>

Note: Accrual-basis financial information is available beginning with fiscal year 2003 when the City implemented GASB 34.

Table 1

	2007	2008	2009	2010
\$	11,349,587	\$ 16,802,876	\$ 16,440,386	\$ 17,879,326
	1,934,491	2,086,098	1,898,698	1,894,824
	12,306,724	9,695,632	16,616,660	19,403,458
\$	<u>25,590,802</u>	<u>\$ 28,584,606</u>	<u>\$ 34,955,744</u>	<u>\$ 39,177,608</u>
\$	17,746,920	\$ 25,697,774	\$ 36,423,288	\$ 37,420,508
	5,536,340	5,151,624	4,568,423	3,861,693
	(2,998,388)	(3,826,030)	(5,529,579)	(5,648,711)
\$	<u>20,284,872</u>	<u>\$ 27,023,368</u>	<u>\$ 35,462,132</u>	<u>\$ 35,633,490</u>
\$	29,096,507	\$ 42,500,650	\$ 52,863,674	\$ 55,299,834
	7,470,831	7,237,722	6,467,121	5,756,517
	9,308,336	5,869,602	11,087,081	13,754,747
\$	<u>45,875,674</u>	<u>\$ 55,607,974</u>	<u>\$ 70,417,876</u>	<u>\$ 74,811,098</u>

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Changes in Net Assets  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses:</b>								
Governmental activities:								
General government administration	\$ 3,312,713	\$ 3,763,561	\$ 3,494,039	\$ 3,601,990	\$ 3,678,612	\$ 4,409,342	\$ 4,476,479	\$ 3,953,282
Judicial administration	1,512,938	1,743,648	1,948,961	1,741,756	2,060,239	2,209,742	2,384,990	2,170,832
Public safety	20,067,903	20,163,440	20,868,048	23,288,625	24,641,604	26,424,002	28,266,556	29,031,529
Public works	7,201,522	8,559,864	9,489,249	12,827,885	14,099,461	12,120,847	14,737,685	13,225,076
Health and welfare	12,193,038	12,221,690	13,213,059	13,997,163	14,564,276	16,441,259	15,835,032	14,887,566
Education	11,388,550	12,859,893	11,474,709	9,266,725	9,204,061	9,461,387	10,789,591	11,160,050
Parks, recreation, and cultural	2,348,383	2,437,692	2,788,391	2,935,100	2,685,776	3,862,492	2,453,245	2,443,712
Community development	1,195,916	4,294,647	1,462,249	2,887,401	2,727,241	2,206,472	2,238,970	3,607,676
Capital projects/outlays	583,115	-	-	-	-	-	-	-
Nondepartmental	694,611	-	-	-	-	-	-	-
Interest and other fiscal charges	957,561	1,060,405	1,212,116	1,646,992	1,327,726	1,187,375	1,186,876	1,590,337
Total governmental activities expenses	\$ 61,456,250	\$ 67,104,840	\$ 65,950,821	\$ 72,193,637	\$ 74,988,996	\$ 78,322,918	\$ 82,369,424	\$ 82,070,060
Business-type activities:								
Public Utility	5,150,643	6,736,719	6,339,951	7,262,502	7,273,942	8,393,991	8,514,037	9,127,023
Mass transit	1,659,250	1,795,116	1,900,694	2,329,232	2,923,692	3,021,131	2,919,251	3,545,881
Golf Course	-	-	-	-	-	622,377	1,176,452	1,182,589
Total business-type activities expenses	\$ 6,809,893	\$ 8,531,835	\$ 8,240,645	\$ 9,591,734	\$ 10,197,634	\$ 12,037,499	\$ 12,609,740	\$ 13,855,493
Total primary government expenses	\$ 68,266,143	\$ 75,636,675	\$ 74,191,466	\$ 81,785,371	\$ 85,186,630	\$ 90,360,417	\$ 94,979,164	\$ 95,925,553
<b>Program revenues:</b>								
Governmental activities:								
Charges for services:								
General government administration	\$ 94,849	\$ 79,492	\$ -	\$ -	\$ 191,183	\$ -	\$ 15,442	\$ -
Judicial administration	418,432	474,459	602,102	724,635	899,881	1,112,344	562,801	860,011
Public safety	107,512	243,934	133,109	188,472	768,688	967,272	799,041	461,872
Public works	2,040,663	2,151,104	2,135,393	2,471,783	1,859,992	2,116,599	2,068,003	1,878,941
Health and welfare	153,640	-	-	-	-	-	-	-
Parks, recreation, and cultural	32,952	101,008	151,591	140,732	173,847	131,968	176,435	101,789
Community development	63,994	4,092	8,059	4,000	-	188,335	1,347	32,105
Operating grants and contributions:								
General government administration	290,824	295,711	326,271	324,298	351,357	373,318	344,481	302,633
Judicial administration	857,881	983,819	963,687	1,202,683	1,159,862	1,209,709	1,292,166	964,332
Public safety	6,562,760	6,615,562	11,979,795	6,908,857	8,262,300	8,763,661	7,490,017	8,143,893
Public works	3,648,619	3,905,936	3,940,452	6,248,403	4,299,951	4,468,129	4,620,981	4,565,451
Health and welfare	9,118,502	9,249,191	4,762,823	10,823,880	10,894,743	11,737,712	11,693,590	11,128,359
Education	-	-	-	-	317,452	-	-	-
Parks, recreation, and cultural	769,154	2,711,808	1,286,109	152,763	-	602,572	185,700	195,188
Community development	173,273	132,329	180,486	1,119,911	220,249	392,080	748,388	534,970
Capital grants and contributions:								
Public works	380,521	-	-	-	1,075,000	3,070,207	1,311,316	2,082,199
Education	-	-	559,911	-	-	-	4,430,000	3,000,000
Parks, recreation, and cultural	-	-	-	-	-	-	-	90,000
Community development	-	-	-	639,704	1,847,112	-	500,000	-
Total governmental activities program revenues	\$ 24,713,576	\$ 26,948,445	\$ 27,029,788	\$ 30,950,121	\$ 32,321,617	\$ 35,133,906	\$ 36,239,708	\$ 34,341,743

Changes in Net Assets  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Program revenues: (Continued)</b>								
Business-type activities:								
Charges for services:								
Public Utility	\$ 6,160,514	\$ 6,233,829	\$ 6,391,549	\$ 6,263,961	\$ 6,540,056	\$ 7,037,608	\$ 7,123,929	\$ 9,419,189
Mass Transit	358,404	362,353	354,620	432,432	453,045	512,960	437,138	413,822
Golf course	-	-	-	-	-	188,080	565,943	599,448
Operating grants and contributions:								
Mass Transit	1,222,493	1,664,694	1,263,219	831,372	1,209,175	1,415,667	1,751,172	971,920
Capital grants and contributions								
Public Utility	-	-	-	-	420,558	2,210,427	1,597,206	-
Mass Transit	-	335,873	85,797	1,054,570	2,121,811	7,360,969	9,396,245	2,315,371
Total business-type activities program revenues	\$ 7,741,411	\$ 8,596,749	\$ 8,095,185	\$ 8,582,335	\$ 10,744,645	\$ 18,725,711	\$ 20,871,633	\$ 13,719,750
Total primary government program revenues	\$ 32,454,987	\$ 35,545,194	\$ 35,124,973	\$ 39,532,456	\$ 43,066,262	\$ 53,859,617	\$ 57,111,341	\$ 48,061,493
Net (expense) / revenue								
Governmental activities	\$ (36,742,674)	\$ (40,156,395)	\$ (38,921,033)	\$ (41,243,516)	\$ (42,667,379)	\$ (43,189,012)	\$ (46,129,714)	\$ (47,728,317)
Business-type activities	931,518	64,914	(145,460)	(1,009,399)	547,011	6,688,212	8,261,893	(135,743)
Total primary government net expense	\$ (35,811,156)	\$ (40,091,481)	\$ (39,066,493)	\$ (42,252,915)	\$ (42,120,368)	\$ (36,500,800)	\$ (37,867,821)	\$ (47,864,060)
<b>General Revenues and Other</b>								
<b>Changes in Net Assets</b>								
Governmental activities:								
General property taxes	\$ 21,640,479	\$ 24,538,651	\$ 23,233,023	\$ 24,990,058	\$ 26,502,531	\$ 28,860,512	\$ 33,090,055	\$ 35,991,155
Local sales and use taxes	3,076,650	3,466,521	3,568,160	3,827,026	3,815,937	3,995,564	3,796,848	3,396,411
Communications taxes	-	-	-	-	904,852	2,110,131	1,917,241	1,925,234
Consumer utility taxes	3,585,218	3,242,163	3,239,247	3,130,198	2,493,943	1,578,832	1,778,414	1,678,216
Business license taxes	2,303,168	2,663,386	2,675,192	2,926,116	3,029,257	2,747,595	3,144,714	2,553,424
Motor Vehicle license taxes	585,974	606,624	588,524	598,616	593,977	595,329	533,365	491,904
Lodging Taxes	198,404	304,151	272,139	301,209	428,595	470,393	435,520	375,201
Meals tax	991,396	1,086,430	1,130,653	1,201,759	1,286,205	1,459,964	1,316,975	1,361,103
Other local taxes	468,793	441,837	878,847	925,888	1,147,339	839,751	561,595	664,274
Unrestricted revenues from use of money and property	471,061	277,929	380,724	506,158	477,504	507,218	371,424	367,179
Miscellaneous	405,749	807,191	340,657	910,762	218,764	114,854	2,224,312	348,002
Grants and contributions not restricted to specific programs	2,920,155	3,060,577	2,810,219	3,619,058	2,947,036	2,969,344	2,499,818	2,941,907
Gain/(Loss) on sale of assets	-	-	-	-	212,697	(66,671)	-	-
Transfers (net)	57,392	-	(197,058)	(1,516,969)	(644,531)	-	109,928	(143,830)
Total governmental activities	\$ 36,704,439	\$ 40,495,460	\$ 38,920,327	\$ 41,419,879	\$ 43,414,106	\$ 46,182,816	\$ 51,780,209	\$ 51,950,180
Business-type activities:								
Unrestricted revenues from use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,284	\$ -	\$ 163,271
Miscellaneous	95,251	95,260	-	-	-	-	286,799	-
Transfers	(57,392)	-	197,058	1,516,969	644,531	-	(109,928)	143,830
Total business-type activities	\$ 37,859	\$ 95,260	\$ 197,058	\$ 1,516,969	\$ 644,531	\$ 50,284	\$ 176,871	\$ 307,101
Total primary government	\$ 36,742,298	\$ 40,590,720	\$ 39,117,385	\$ 42,936,848	\$ 44,058,637	\$ 46,233,100	\$ 51,957,080	\$ 52,257,281
<b>Change in Net Assets</b>								
Governmental activities	\$ (38,235)	\$ 339,065	\$ (706)	\$ 176,363	\$ 746,727	\$ 2,993,804	\$ 5,650,495	\$ 4,221,864
Business-type activities	969,377	160,174	51,598	507,570	1,191,542	6,738,496	8,438,764	171,358
Total primary government	\$ 931,142	\$ 499,239	\$ 50,892	\$ 683,933	\$ 1,938,269	\$ 9,732,300	\$ 14,089,259	\$ 4,393,222

Note: Accrual-basis financial information is available beginning with fiscal year 2003 when the City implemented GASB 34.



Governmental Activities Tax Revenues by Source  
 Last Eight Fiscal Years  
 (Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Communi-cations Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
2003	\$ 21,640,479	\$ 3,076,650	\$ -	\$ 3,585,218	\$ 2,303,168	\$ 196,506	\$ 198,404	\$ 991,396	\$ 858,261	\$ 32,850,082
2004	24,538,651	3,466,521	-	3,242,163	2,663,386	606,624	304,151	1,086,430	441,837	36,349,763
2005	23,233,023	3,568,160	-	3,239,247	2,675,192	588,524	272,139	1,130,653	878,847	35,585,785
2006	24,990,058	3,827,026	-	3,130,198	2,926,116	598,616	301,209	1,201,759	925,888	37,900,870
2007	26,502,531	3,815,937	904,852	2,493,943	3,029,257	593,977	428,595	1,286,205	1,147,339	40,202,636
2008	28,860,512	3,995,564	2,110,131	1,578,832	2,747,595	595,329	470,393	1,459,964	839,751	42,658,071
2009	33,090,055	3,796,848	1,917,241	1,778,414	3,144,714	533,365	435,520	1,316,975	561,595	46,574,727
2010	35,991,155	3,396,411	1,925,234	1,678,216	2,553,424	491,904	375,201	1,361,103	664,273	48,436,921

Note: Accrual-basis financial information is available beginning with fiscal year 2003 when the City implemented GASB 34.

CITY OF PETERSBURG, VIRGINIA

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General fund					
Reserved:					
Inventory	\$ 98,790	\$ 110,812	\$ 107,691	\$ 120,464	\$ 99,716
Asset forfeiture	-	-	-	-	-
Capital Projects	914,981	694,825	1,861,741	1,424,867	1,796,800
Debt Service	-	-	-	-	-
Landfill closure/post-closure monitoring	-	-	-	-	-
Encumbrances	-	146,071	630,614	744,100	681,365
Unreserved, undesignated	<u>5,152,566</u>	<u>5,177,028</u>	<u>7,189,870</u>	<u>7,353,015</u>	<u>7,776,015</u>
Total general fund	<u>\$ 6,166,337</u>	<u>\$ 6,128,736</u>	<u>\$ 9,789,916</u>	<u>\$ 9,642,446</u>	<u>\$ 10,353,896</u>
All other governmental funds					
Reserved:					
Capital projects	\$ 453,418	\$ 1,060,142	\$ 1,634,520	\$ 1,496,530	\$ 619,168
Special revenue funds	-	-	-	-	-
Permanent funds	-	-	-	-	-
Unreserved, reported in:					
Non-major:					
Special revenue funds (deficit)	-	309,283	302,881	435,053	211,158
Capital projects fund	-	-	-	-	-
Permanent funds	<u>1,987,663</u>	<u>2,186,400</u>	<u>2,135,983</u>	<u>1,838,185</u>	<u>1,697,438</u>
Total all other governmental funds	<u>\$ 2,441,081</u>	<u>\$ 3,555,825</u>	<u>\$ 4,073,384</u>	<u>\$ 3,769,768</u>	<u>\$ 2,527,764</u>
Total fund balances	<u>\$ 8,607,418</u>	<u>\$ 9,684,561</u>	<u>\$ 13,863,300</u>	<u>\$ 13,412,214</u>	<u>\$ 12,881,660</u>

Table 4

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 110,772	\$ 3,976,588	\$ 4,695,716	\$ 4,652,161	\$ 4,900,400	\$ 4,990,308
-	-	105,999	194,000	-	-
2,061,010	1,660,397	926,096	-	-	-
-	-	515,000	-	-	-
-	-	1,500,000	1,750,000	-	-
1,315,060	709,027	441,550	1,470,314	517,929	-
<u>8,946,673</u>	<u>9,221,441</u>	<u>10,227,794</u>	<u>11,935,086</u>	<u>14,837,698</u>	<u>15,403,526</u>
<u>\$ 12,433,515</u>	<u>\$ 15,567,453</u>	<u>\$ 18,412,155</u>	<u>\$ 20,001,561</u>	<u>\$ 20,256,027</u>	<u>\$ 20,393,834</u>
\$ 197,425	\$ -	\$ -	\$ 1,804,898	\$ 2,252,155	\$ 9,389,903
-	-	535,403	122,035	136,851	277,931
-	-	1,828,492	1,892,098	1,898,698	1,894,824
381,251	309,582	(99,608)	(74,801)	105,620	342,777
-	80,274	(63,717)	(5,305,826)	-	-
<u>1,688,016</u>	<u>1,794,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,266,692</u>	<u>\$ 2,183,894</u>	<u>\$ 2,200,570</u>	<u>\$ (1,561,596)</u>	<u>\$ 4,393,324</u>	<u>\$ 11,905,435</u>
<u>\$ 14,700,207</u>	<u>\$ 17,751,347</u>	<u>\$ 20,612,725</u>	<u>\$ 18,439,965</u>	<u>\$ 24,649,351</u>	<u>\$ 32,299,269</u>

# CITY OF PETERSBURG, VIRGINIA

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	2001	2002	2003	2004	2005
Revenues:					
General property taxes	\$ 18,519,749	\$ 21,560,995	\$ 21,552,330	\$ 22,900,222	\$ 23,622,768
Other local taxes	10,698,579	10,788,452	11,209,603	11,811,112	12,352,762
Permits, privilege fees and regulatory licenses	290,840	133,205	288,756	304,760	117,670
Fines and forfeitures	289,616	417,044	421,120	494,797	475,327
Revenue from use of money and property	343,065	276,075	471,061	277,929	380,724
Charges for services	1,541,097	2,717,333	2,202,166	2,254,532	2,437,257
Miscellaneous	363,930	773,915	405,749	807,191	900,568
Recovered costs	1,166,183	317,883	357,829	763,081	748,552
Intergovernmental:					
Commonwealth	19,582,047	18,948,117	17,956,446	18,712,177	18,955,253
Federal	5,378,070	6,124,189	6,765,243	8,242,756	7,294,590
Total revenues	\$ 58,173,176	\$ 62,057,208	\$ 61,630,303	\$ 66,568,557	\$ 67,285,471
Expenditures:					
General government administration	\$ 3,714,748	\$ 3,443,498	\$ 3,263,767	\$ 3,358,575	\$ 3,465,275
Judicial administration	1,483,851	1,478,392	1,370,657	1,624,507	1,802,404
Public safety	18,998,262	20,596,012	20,130,250	20,205,509	21,488,875
Public works	6,932,711	6,226,282	7,066,086	8,561,819	8,890,604
Health and welfare	9,481,072	10,518,785	12,046,699	12,054,331	13,073,903
Education	9,305,009	9,254,713	10,769,473	11,568,711	10,847,658
Parks, recreation, and cultural	1,649,769	2,160,986	2,233,596	2,312,585	3,004,597
Community development	1,810,444	1,117,109	1,186,386	1,032,010	2,037,795
Capital outlays and projects	1,518,300	1,279,653	747,974	1,271,968	-
Debt service:					
Principal retirement	952,845	2,513,015	1,594,387	1,396,946	1,443,848
Interest and other fiscal charges	1,601,307	1,411,466	994,756	1,245,890	1,246,777
Nondepartmental	776,834	615,951	694,611	4,298,117	677,323
Total expenditures	\$ 58,225,152	\$ 60,615,862	\$ 62,098,642	\$ 68,930,968	\$ 67,979,059
Excess (deficiency) of revenues over expenditures	\$ (51,976)	\$ 1,441,346	\$ (468,336)	\$ (2,362,411)	\$ (693,588)
Other financing sources (uses):					
Transfers in	\$ 25,000	\$ 1,448,986	\$ 402,362	\$ 692,653	\$ 658,961
Transfers (out)	-	(1,171,686)	(344,970)	(692,653)	(856,019)
Proceeds from capital leases	-	-	-	-	-
Sale of land	905,382	511,233	-	-	-
Issuance of debt	-	1,999,277	432,000	1,624,057	5,750,088
Premium on debt issued	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	7,485,000	-
Payment to refunded bond escrow agent	-	-	-	(5,777,200)	(3,040,895)
Retirement of bond anticipation	-	-	-	(1,500,000)	-
Total other financing sources (uses)	\$ 930,382	\$ 2,787,810	\$ 489,392	\$ 1,831,857	\$ 2,512,135
Net changes in fund balances	\$ 878,406	\$ 4,229,156	\$ 21,056	\$ (530,554)	\$ 1,818,547
Debt service as a percentage of noncapital expenditures	4.50%	6.61%	4.22%	3.91%	4.06%

Table 5

	2006	2007	2008	2009	2009
\$	24,706,331	\$ 26,546,575	\$ 28,104,541	\$ 32,299,130	\$ 34,703,935
	12,910,812	13,700,105	13,797,559	13,484,673	12,445,767
	169,597	547,715	656,809	660,299	483,718
	596,864	756,124	1,071,755	468,464	684,907
	506,158	477,504	507,218	371,424	367,179
	2,441,216	2,802,449	2,787,954	2,494,305	2,166,093
	910,762	2,308,411	2,474,098	6,654,314	3,838,002
	213,361	124,005	466,502	378,789	315,212
	21,961,358	21,677,880	24,218,725	22,958,947	23,278,884
	8,367,269	7,593,655	7,099,686	7,727,510	7,180,048
\$	<u>72,783,728</u>	<u>\$ 76,534,423</u>	<u>\$ 81,184,847</u>	<u>\$ 87,497,855</u>	<u>\$ 85,463,745</u>
\$	3,556,652	\$ 3,678,061	\$ 4,116,450	\$ 4,360,569	\$ 3,826,456
	1,722,388	1,895,420	2,139,494	2,184,145	1,973,393
	28,969,711	25,312,175	26,459,229	26,566,138	27,441,826
	8,877,879	11,173,225	17,240,364	14,156,676	11,689,667
	13,847,937	14,296,165	16,225,483	15,499,383	14,668,974
	9,400,152	8,838,660	14,302,941	13,502,674	10,474,051
	3,833,719	5,549,782	4,153,537	2,659,418	2,431,519
	3,309,515	2,861,651	2,840,006	2,192,083	3,574,257
	-	-	-	-	-
	1,720,556	2,590,060	2,960,058	6,248,664	6,270,000
	1,356,881	1,448,255	1,449,801	1,497,372	2,400,439
	1,315,624	707,417	803,240	959,214	1,149,019
\$	<u>77,911,014</u>	<u>\$ 78,350,871</u>	<u>\$ 92,690,603</u>	<u>\$ 89,826,336</u>	<u>\$ 85,899,601</u>
\$	<u>(5,127,286)</u>	<u>\$ (1,816,448)</u>	<u>\$ (11,505,756)</u>	<u>\$ (2,328,481)</u>	<u>\$ (435,856)</u>
\$	1,381,953	\$ 1,082,083	\$ 1,014,136	\$ 1,357,056	\$ 178,538
	(2,692,300)	(1,726,614)	(1,014,136)	(1,247,128)	(322,368)
	508,329	205,500	232,996	782,997	782,997
	-	-	-	-	-
	6,775,277	5,116,857	9,100,000	7,360,000	7,360,000
	-	-	-	284,941	284,941
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	<u>5,973,259</u>	<u>\$ 4,677,826</u>	<u>\$ 9,332,996</u>	<u>\$ 8,537,866</u>	<u>\$ 8,284,108</u>
\$	<u>845,973</u>	<u>\$ 2,861,378</u>	<u>\$ (2,172,760)</u>	<u>\$ 6,209,385</u>	<u>\$ 7,848,252</u>
	<u>3.99%</u>	<u>5.64%</u>	<u>4.79%</u>	<u>9.41%</u>	<u>10.09%</u>

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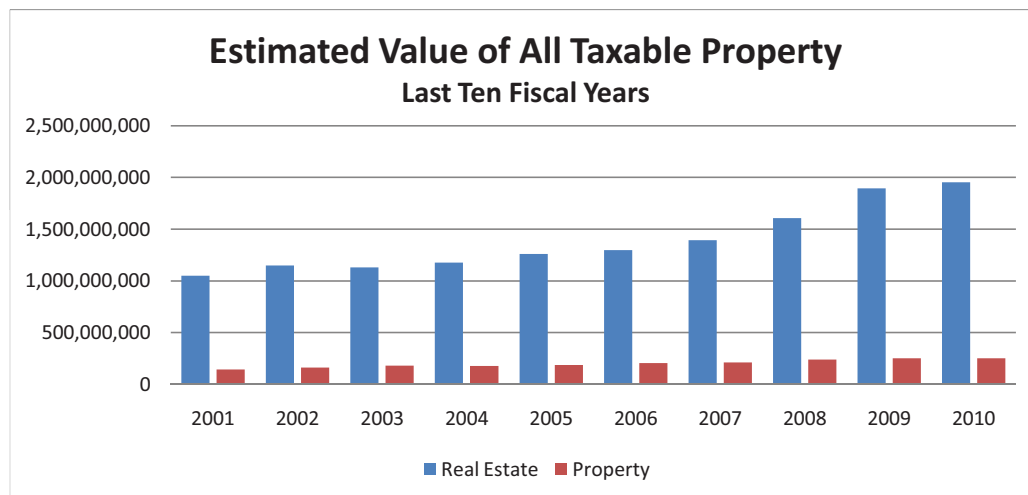
Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Communi-cations Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
2001	\$ 18,519,749	\$ 2,922,705	\$ -	\$ 3,615,716	\$ 2,071,112	\$ 609,814	\$ 199,410	\$ 766,258	\$ 513,564	\$ 29,218,328
2002	21,560,995	3,017,675	-	3,082,008	2,384,172	612,238	192,707	989,174	510,478	32,349,447
2003	21,552,330	3,076,650	-	3,130,198	2,303,168	196,506	198,404	991,396	858,261	32,306,913
2004	22,900,222	3,466,521	-	3,242,163	2,663,386	606,624	304,151	1,086,430	441,837	34,711,334
2005	23,622,768	3,568,160	-	3,239,247	2,675,192	588,524	272,139	1,130,653	878,847	35,975,530
2006	24,706,331	3,827,026	-	3,130,198	2,926,116	598,616	301,209	1,201,759	925,888	37,617,143
2007	26,546,575	3,815,937	904,852	2,493,943	3,029,257	593,977	428,595	1,286,205	1,147,339	40,246,680
2008	28,104,541	3,995,564	2,110,131	1,578,832	2,747,595	595,329	470,393	1,459,964	839,751	41,902,100
2009	32,299,130	3,796,848	1,917,241	1,778,414	3,144,714	533,365	435,520	1,316,975	561,596	45,783,803
2010	34,703,935	3,396,411	1,925,234	1,678,216	2,553,424	491,904	375,201	1,361,103	664,274	47,149,702

Assessed and Estimated Valuation of All Taxable Property  
Last Ten Fiscal Years

Fiscal Years Ending June 30,	Real Estate	Personal Property	Total
2001	\$ 1,049,131,212	\$ 145,062,167	\$ 1,194,193,379
2002	1,150,347,813	161,367,776	1,311,715,589
2003	1,131,077,726	179,730,086	1,310,807,812
2004	1,178,266,198	177,260,970	1,355,527,168
2005	1,259,301,355	187,029,042	1,446,330,397
2006	1,296,398,319	204,712,608	1,501,110,927
2007	1,392,905,100	213,392,655	1,606,297,755
2008	1,606,004,199	239,757,045	1,845,761,244
2009	1,894,736,243	251,183,757	2,145,920,000
2010	1,951,398,974	252,407,922	2,203,806,896

Source: Commissioner of the Revenue





Property Tax Rates  
Last Ten Fiscal Years

Fiscal Years Ending June 30,	Real Estate	Business and Individuals	Machinery and Tools	Mobile Homes
2001	\$ 1.41	\$ 4.30	\$ 3.80	\$ 1.41
2002	1.41	4.30	3.80	1.41
2003	1.41	4.30	3.80	1.41
2004	1.41	4.30	3.80	1.41
2005	1.38	4.30	3.80	1.38
2006	1.38	4.30	3.80	1.38
2007	1.35	4.40	3.80	1.35
2008	1.35	4.40	3.80	1.35
2009	1.35	4.40	3.80	1.35
2010	1.35	4.40	3.80	1.35

Source - Commissioner of the Revenue

# CITY OF PETERSBURG, VIRGINIA

Principal Business Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2010				Percentage of Total Assessed Valuation
	Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	
Southside Regional Medical Center	\$ 100,768,300	\$ 13,189,735	\$ 113,958,035	1	5.17%
B. I. Chemicals	29,751,900	79,010,865	108,762,765	2	4.94%
Virginia Power	44,402,231	95,873	44,498,104	3	2.02%
Brenco Properties	17,831,700	11,040,891	28,872,591	4	1.31%
Verizon Virginia Inc.	14,863,836	-	14,863,836	5	0.67%
Georgetown Square Associates	14,485,500	16,749	14,502,249	6	0.66%
Boars Head	8,134,700	4,304,129	12,438,829	7	0.56%
Wal-Mart	9,921,200	623,895	10,545,095	8	0.48%
Columbia Gas of Virginia, Inc.	10,013,543	3,105	10,016,648	9	0.45%
MPT of Petersburg LLC	9,197,000	495,205	9,692,205	10	0.44%
Titmus Optical Company	-	-	-		-
Lee-Hall LLC	-	-	-		-
Inland Paperboard & Packing Company	-	-	-		-
Bell Atlantic Virginia	-	-	-		-
Total	\$ 259,369,910	\$ 108,780,447	\$ 368,150,357		16.71%

Source: Commissioner of the Revenue

Table 9

2001				
Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	Percentage of Total Assessed Valuation
\$ -	\$ -	\$ -		-
12,606,700	17,727,593	30,334,293	3	2.54%
37,665,074	282,650	37,947,724	1	3.18%
14,299,000	14,190,068	28,489,068	4	2.39%
-	-	-		-
12,388,200	16,244	12,404,444	5	1.04%
-	-	-		-
8,867,300	731,458	9,598,758	7	0.80%
11,200,537	534,265	11,734,802	6	0.98%
-	-	-		-
5,689,100	2,659,531	8,348,631	8	0.70%
8,331,000	360	8,331,360	9	0.70%
4,778,300	2,634,273	7,412,573	10	0.62%
31,229,527	8,190	31,237,717	2	2.62%
<u>\$ 147,054,738</u>	<u>\$ 38,784,632</u>	<u>\$ 185,839,370</u>		<u>15.56%</u>

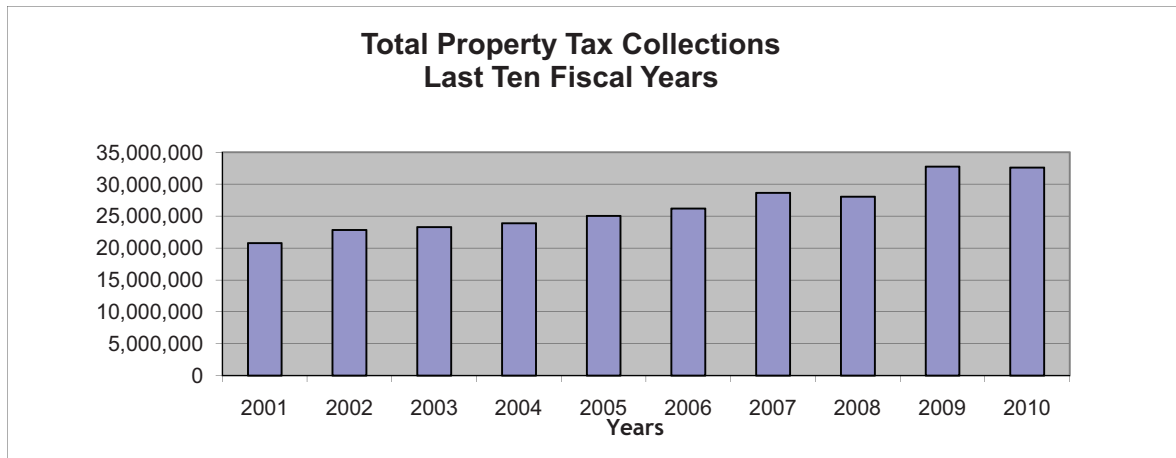
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Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Tax Collections				Outstanding Delinquent	
				Delinquent		Total		At End of Fiscal Year (2)	As Percent of Current Levy
				Amount	As Percent of Outstanding Delinquent Taxes	Amount	As Percent of Current Levy		
2001	\$ 20,759,561	\$ 19,136,969	\$ 92.18%	\$ 1,620,292	70435.82%	\$ 20,757,261	99.99%	\$ 2,300	\$ 0.01%
2002	22,821,354	21,842,981	95.71%	976,279	46629.82%	22,819,260	99.99%	2,094	0.01%
2003	23,264,637	21,789,524	93.66%	1,471,593	41802.69%	23,261,117	99.98%	3,520	0.02%
2004	23,882,224	23,153,198	96.95%	721,396	9454.91%	23,874,594	99.97%	7,630	0.03%
2005	25,050,533	23,334,254	93.15%	1,697,426	9003.65%	25,031,680	99.92%	18,853	0.08%
2006	26,220,677	24,386,327	93.00%	1,811,734	8010.85%	26,198,061	99.91%	22,616	0.09%
2007	28,840,021	22,205,218	76.99%	6,427,625	3102.46%	28,632,843	99.28%	207,178	0.72%
2008	28,468,895	26,388,079	92.69%	1,642,321	374.54%	28,030,400	98.46%	438,495	1.54%
2009	33,415,398	31,253,720	93.53%	1,480,605	107.72%	32,734,325	97.96%	1,374,518	4.11%
2010	34,297,170	32,267,620	94.08%	319,446	8.51%	32,587,066	95.01%	3,753,337	10.94%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.



CITY OF PETERSBURG, VIRGINIA

Ratios of Outstanding Obligations by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					School Qualified Zone Academy Bonds
	General Obligation Bonds	State Literary Loans	Capital Leases	Notes Payable		
2001	\$ 17,083,015	\$ 7,500,000	\$ 1,696,146	\$ -	\$ -	-
2002	16,194,245	8,125,000	446,901	-	-	1,400,000
2003	15,272,793	7,700,000	231,093	-	-	1,930,000
2004	16,113,660	7,275,000	64,348	-	-	3,965,365
2005	15,335,974	6,850,000	1,108,112	350,000	-	5,283,585
2006	15,036,650	6,425,000	1,402,397	5,732,712	-	4,979,022
2007	13,985,722	6,000,000	1,414,458	9,256,116	-	5,781,680
2008	12,694,013	5,575,000	1,277,585	13,861,087	-	5,403,228
2009	18,604,067	5,150,000	1,691,239	10,246,855	-	5,013,085
2010	25,667,417	4,725,000	1,292,389	6,761,672	-	4,610,874

(1) United States Census

(2) United States Department of Commerce, Economic and Statistics Administration, Bureau of Economic Analysis  
(Dinwiddie + Colonial Heights + Petersburg)

N/A - Data not available

Table 11

Business-Type Activities						
General Obligation Bonds	Notes Payable	Capital Leases	Total Primary Government	Population (1)	Percentage of Personal Income (2)	Net Obligations per Capita
\$ 7,797,033	\$ -	\$ 168,180	\$ 34,244,374	33,740	1.76%	\$ 1,015
7,240,803	-	123,146	33,530,095	33,740	1.68%	994
6,652,255	-	65,144	31,851,285	33,740	1.53%	944
6,161,388	-	180,008	33,759,769	33,740	1.57%	1,001
5,544,075	-	436,237	34,907,983	33,740	1.56%	1,035
4,823,338	-	541,694	38,940,813	33,740	1.63%	1,154
4,092,568	-	510,243	41,040,787	33,740	1.63%	1,216
3,600,988	4,000,000	650,086	47,061,987	33,740	1.79%	1,395
6,860,934	-	423,488	47,989,668	33,740	N/A	1,422
6,097,584	-	395,649	49,550,585	33,740	N/A	1,469

Ratio of Net General Obligation Bonded Debt to Assessed Value  
And Net Obligation Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt	Debt Payable From Enterprise Fund Revenues	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
2001	33,740	\$ 1,194,193,379	\$ 32,117,548	\$ 7,534,533	\$ 24,583,015	2.06%	\$ 729
2002	33,740	1,311,715,589	31,332,548	7,013,303	24,319,245	1.85%	721
2003	33,740	1,310,807,812	29,432,548	6,652,255	22,780,293	1.74%	675
2004	33,740	1,355,527,168	29,550,048	6,161,388	23,388,660	1.73%	693
2005	33,740	1,446,330,397	27,730,049	5,544,075	22,185,974	1.53%	658
2006	33,740	1,501,110,927	26,284,988	4,823,338	21,461,650	1.43%	636
2007	33,740	1,606,297,755	23,859,971	4,092,568	19,767,403	1.23%	586
2008	33,740	1,845,761,244	21,698,229	3,600,988	18,097,241	0.98%	536
2009	33,740	2,145,920,000	30,478,086	6,860,934	23,617,152	1.10%	700
2010	33,740	2,203,806,896	36,375,875	6,097,584	30,278,291	1.37%	897

(1) United States Census

(2) From Table 7



Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin  
Fiscal Year Ended June 30, 2010

	<u>Net Bonded Debt</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
City of Petersburg (1)	\$ 30,278,291	100%	\$ 30,278,291
Total assessed value of real estate			\$ <u>1,951,398,974</u>
10% legal debt limit			\$ <u>195,139,897</u>
Total outstanding debt (2)			\$ <u><u>47,862,547</u></u>

Per the Code of Virginia, the City's legal debt margin is equal to ten percent of its total assessed value of real estate.

The City of Petersburg has not exceeded its legal debt margin.

(1) Includes general obligation bonded debt

(2) Includes bonds and other interest-bearing indebtedness, excludes capital leases.

The City of Petersburg has no overlapping debt.

Revenue Coverage  
Last Nine Fiscal Years

Fiscal Year	Revenues and Other Charges	Less: Operating Expenses	Net Available Revenue	Debt Principal	Service Interest	Coverage
Public Utility Fund:						
2002	\$ 5,755,819	\$ 5,442,797	\$ 313,022	\$ 556,230	\$ 386,050	33.22%
2003	6,255,765	4,718,896	1,536,869	588,548	361,020	161.85%
2004	6,329,089	6,209,779	119,310	625,867	333,947	12.43%
2005	6,391,549	5,947,644	443,905	969,152	359,294	33.42%
2006	6,263,961	5,968,512	295,449	720,737	190,442	32.42%
2007	6,540,056	6,050,531	489,525	730,770	192,066	53.05%
2008	9,248,035	7,025,763	2,222,272	491,580	213,459	315.20%
2009	8,721,135	6,867,004	1,854,131	740,054	167,451	204.31%
2010	9,419,189	7,564,587	1,854,602	763,349	116,092	210.88%
Golf Course Fund:						
2008	188,080	441,306	(253,226)	-	150,819	-167.90%
2009	565,943	939,026	(373,083)	-	176,254	-211.67%
2010	599,448	911,324	(311,876)	-	169,802	-183.67%

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.

Water charges and other includes investment earnings and other nonoperating revenues. Operating expenses do not include interest or depreciation and amortization.

Note: Information for this table has only been available since 2002.

Demographic, Economic and Census Statistics  
Last Ten Fiscal Years & Last Five Censuses

Demographic Statistics

Fiscal Year	Registered Voters	School Enrollment	Unemployment Rate	Population (1)
2001	17,379	5,961	6.30%	33,740
2002	18,330	5,961	8.30%	33,740
2003	17,667	5,200	8.00%	33,740
2004	18,096	5,190	10.10%	33,740
2005	18,096	5,034	7.10%	33,740
2006	18,027	4,854	6.60%	33,740
2007	17,485	4,726	6.00%	33,740
2008	18,403	4,592	7.70%	33,740
2009	19,147	4,375	14.60%	33,740
2010	20,649	4,374	12.04%	32,909

Census Statistics

	Population			Per Capita Income	Median Household Income
	Age Distribution		Total		
	Under 18	18 & over			
1960	13,013	23,737	36,750	\$ 1,469	\$ 5,510
1970	12,548	23,555	36,103	2,544	7,815
1980	11,432	26,623	38,055	7,490	13,940
1990	8,938	29,447	38,385	10,547	21,309
2000	8,469	25,271	33,740	n/a	25,248

(1) Weldon Cooper Center for Public Service.

n/a - not available

Major Private Employers  
Current Year and Nine Years Ago

Company	Description of Business	Approximate Employment		Percentage of Total City Employment
		Current	Nine Years Ago	
Southside Regional Medical Center	Hospital medical services	1000+	1000+	6.38%
B. I. Chemicals	Pharmaceuticals	400-500	300-400	2.55%
Brenco, Inc.	Roller bearings	300-400	400-500	1.91%
Wal-Mart	Retail sales	300-400	300-400	1.91%
Poplar Springs Hospital	Medical services	200-300	300-400	1.28%
Quality Plus Services	Engineering / Construction	100-200	100-200	0.64%
Healthsouth	Medical services	100-200	100-200	0.64%
Beverly Healthcare	Medical services	100-200	100-200	n/a
Virginia Linen	Linen processing	100-200	100-200	0.64%
Martin's	Grocery	100-200	100-200	0.64%

Source: Individual City departments

Total City employment per 2000 census per Virginia Employment Commission:

People who live and work in the area	5,197
In-commuters	10,474
Total City employment	15,671

Full-time Equivalent Government Employees by Function  
Last Ten Fiscal Years

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
City:										
Salaried	698	697	696	696	696	681	686	695	704	772
Part-time temporary	155	271	254	239	239	226	234	252	299	299
Public safety										
Police protection	152	156	163	143	147	147	147	130	145	160
Fire protection	94	93.5	92	86	95	94	94	96	95	97
Jail facilities	86	86	86	86	86	87	88	91	89	88
School Board										
Administrative personnel	67	67	40	41	42	42	54	38	38	37.5
Instructional personnel	592	592	441	434.5	436	432	429	465	447	557
All other personnel	308	308	367	383.5	378.5	415	403	291	287	173.5
Totals *	<u>1,820</u>	<u>1,935</u>	<u>1,798</u>	<u>1,794</u>	<u>1,792</u>	<u>1,796</u>	<u>1,806</u>	<u>1,741</u>	<u>1,775</u>	<u>1,839</u>

Source: Individual City departments and School Board

\* Does not include public safety employees as they are include in the City salaried and part-time temporary.

# CITY OF PETERSBURG, VIRGINIA

## Operating Indicators by Function Last Ten Fiscal Years

	2001	2002	2003	2004	2005
<b>Police protection:</b>					
Law violations	4,139	10,170	10,976	9,767	22,223
Traffic violations	4,124	9,147	10,327	8,854	6,729
Arrests reported:					
Adults	1,285	3,465	4,063	4,712	4,551
Juveniles	141	221	220	379	377
Calls for service	64,092	58,010	69,327	64,357	59,289
<b>Jail facility inmates:</b>					
Jail	180	188	198	203	193
Jail annex	81	70	75	70	62
Riverside Regional	n/a	139	89	89	89
<b>Community Development:</b>					
Building permits:					
Number issued	843	928	879	1,371	904
Valuation	\$ 18,399,358	\$ 13,038,358	\$ 10,197,966	\$ 16,826,102	\$ 26,849,246
<b>Public Utilities:</b>					
Number of active consumers	10,400	10,400	11,482	11,374	11,395
Water purchased (annually)-gallons	1.7 billion	1.7 billion	1.7 billion	1.7 billion	1.7 billion

n/a = not available at publication

Source: Individual City departments

Table 18

2006	2007	2008	2009	2010
20,398	19,190	9,666	n/a	n/a
8,207	11,961	8,866	n/a	n/a
4,227	4,428	3,433	n/a	n/a
370	315	232	n/a	n/a
61,265	55,193	53,023	n/a	n/a
182	210	213	202	202
61	28	21	48	227
89	148	61	128	124
1,245	1,336	1,444	1,249	1,021
\$ 44,724,170	116,953,757	88,818,121	\$ 42,719,115	\$ 38,289,390
11,399	10,365	11,028	10,467	11,247
1.7 billion	1.7 billion	1.64 billion	1.654 billion	1.750 billion

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Fire protection:</b>										
Number of stations	4	4	4	4	4	4	4	4	4	4
<b>Public works:</b>										
Streets and sidewalks:										
Streets - primary - miles	107	107	107	107	107	107	107	107	107	107
Streets - secondary - miles	281	281	281	281	281	281	281	281	281	281
Sidewalks - miles	72	72	72	72	72	72	72	72	72	72
Street lights	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090
Traffic signals:										
Signalized intersections	57	57	57	57	57	57	57	57	57	57
Lights	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430
Heads	467	467	467	467	467	467	467	467	467	467
Curbs	39	39	39	39	39	39	39	39	39	39
School signals (flashing lights)	11	11	11	11	11	11	11	11	11	11
Other signals (flashing lights)	4	4	4	4	4	4	4	4	4	4
Caution flashing lights	17	17	17	17	17	17	17	17	17	17
Pedestrian signals	54	54	54	54	54	54	54	54	54	54
<b>Sewers:</b>										
Storm - miles	19	19	19	19	19	19	19	19	19	19
Sanitary - miles	191	191	191	191	191	191	191	191	191	191
<b>Public Utilities:</b>										
Water mains - miles	254	254	254	254	254	254	254	254	254	254
Number of hydrants	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Ground level water storage tanks:										
5.6 million gallons	1	1	1	1	1	1	1	1	1	1
1.3 million gallons	1	1	1	1	1	1	1	1	1	1
1.9 million gallons	1	1	1	1	1	1	1	1	1	1
Elevated water storage tanks:										
.5 million gallons	1	1	1	1	1	1	1	1	1	1
1.0 million gallons	2	2	2	2	2	2	2	2	2	2
<b>Culture and recreation</b>										
Parks and recreation:										
Fishing and picnic area (350 acres)	1	1	1	1	1	1	1	1	1	1
Downtown (12.3 acres)	1	1	1	1	1	1	1	1	1	1
Playground (52.8 acres)	12	12	12	12	12	12	12	12	12	12
Golf course	-	-	-	-	-	-	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts (lighted)	14	14	14	14	14	14	14	14	14	14
Recreation centers	3	3	3	3	3	3	3	3	3	3
Ballfields	4	4	4	4	4	4	4	4	4	4
Sports complex	1	1	1	1	1	1	1	1	1	1
<b>Education:</b>										
Schools:										
Senior high school grades 9-12	1	1	1	1	1	1	1	1	1	1
Junior high school grade 8	-	-	-	-	-	-	-	-	-	1
Middle school grades 6-7	2	2	2	2	2	2	2	2	2	1
Elementary schools K-5	7	7	7	7	7	7	7	7	7	4
Early childhood center	-	-	-	-	-	-	-	-	-	1

Source: Individual City departments



# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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**To The Honorable Members of City Council  
City of Petersburg  
Petersburg, Virginia**

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Petersburg, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the City of Petersburg, Virginia's basic financial statements and have issued our report thereon dated December 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Petersburg, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Petersburg, Virginia's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Petersburg, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Petersburg, Virginia in a separate letter dated December 10, 2010.

This report is intended solely for the information and use of management, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
December 10, 2010

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 Independent Auditor's Report

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To The Honorable Members of City Council  
City of Petersburg  
Petersburg, Virginia

### Compliance

We have audited City of Petersburg, Virginia's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The City of Petersburg, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Petersburg, Virginia's management. Our responsibility is to express an opinion on the City of Petersburg, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Petersburg, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Petersburg, Virginia's compliance with those requirements.

In our opinion, the City of Petersburg, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

The management of the City of Petersburg, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Petersburg, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

### Internal Control Over Compliance: (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
December 10, 2010

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>PRIMARY GOVERNMENT:</b>			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Direct payments:</u>			
Summer Food Service Program for Children	10.559	N/A	\$ 189,988
<u>Pass through payments:</u>			
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants - Supplemental Nutrition Assistance Program	10.561	0010110	757,792
ARRA State Administrative Matching Grants - Supplemental Nutrition Assistance Program	10.561	0010110	31,743
Total Department of Agriculture			\$ 979,523
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Direct payments:</u>			
Federal Transit Formula Grant	20.507	N/A	\$ 2,542,064
<u>Pass through payments:</u>			
Division of Motor Vehicles:			
State and Community Highway Safety Program	20.600	N/A	10,000
Total Department of Transportation			\$ 2,552,064
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Pass through payments:</u>			
Department of Housing and Community Development:			
Community Development Block Grants	14.228	53505-49380	\$ 534,970
Total Department of Housing and Urban Development			\$ 534,970
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950110	\$ 127,797
Temporary Assistance for Needy Families	93.558	0400111	1,025,671
Refugee and Entrant Assistance-State Administered Programs	93.566	0500111	1,758
Low-Income Home Energy Assistance	93.568	0600411	47,200

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2010 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>PRIMARY GOVERNMENT: (Continued)</b>			
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)</b>			
<u>Pass through payments: (Continued)</u>			
Department of Social Services: (Continued)			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	0770110	\$ 283,114
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	474,703
ARRA - Child Care and Development Block Grant	93.713	0770110	158,029
Chafee Education and Training Vouchers Program	93.599	9160110	2,264
Adoption Incentive Payments	93.603	1130108	460
Child Welfare Services	93.645	0900110	3,079
Foster Care-Title IV-E	93.658	1100111	842,330
AARA - Foster Care-Title IV-E	93.658	1100111	73,915
Adoption Assistance	93.659	1120111	314,088
AARA - Adoption Assistance	93.659	1120111	35,515
Social Services Block Grant	93.667	1000111	325,692
Chafee Foster Care Independence Program	93.674	9150110	14,023
Children's Health Insurance Program	93.767	0540111	34,608
Medical Assistance Program	93.778	1200111	450,852
Total Department of Health and Human Services			\$ 4,215,098
<b>DEPARTMENT OF JUSTICE:</b>			
<u>Pass through payments:</u>			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	39001-46000	\$ 139,143
Edward Byrne Memorial Formula Grant Program	16.579	39001-61011	296,692
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	N/A	53,245
Community Capacity Development Office	16.595	N/A	137,864
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	75,626
ARRA Edward Byrne Memorial Justice Assistance Grant Program	16.803	2009-SU-B9-0033	195,360
Public Safety Partnership and Community Policing Grants	16.710	2009RFXW0849; 2009-DH-BX-0729; 2008-CJ-WX-0575	255,134
Residential Substance Abuse Treatment for State Prisoners	16.593	N/A	105,000
Total Department of Justice			\$ 1,258,064
<b>DEPARTMENT OF LABOR</b>			
<u>Pass through payments:</u>			
Crater Regional Workforce Investment Group:			
Governor's Employment and Training Department:			
Workforce Investment Act - Youth Activities	17.259	N/A	\$ 62,423
<b>DEPARTMENT OF HOMELAND SECURITY:</b>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	N/A	\$ 10,675
State Homeland Security Program	97.073	77501-52708	109,295
Total Department of Homeland Security			\$ 119,970
<b>Total Primary Government</b>			<b>\$ 9,722,112</b>

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2010 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>COMPONENT UNIT-SCHOOL BOARD:</b>			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food Distribution	10.555	N/A	\$ 110,268
Department of Education:			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	17901-40591	342,545
National School Lunch Program	10.555	17901-40623	1,054,461
Total Department of Agriculture			\$ 1,507,274
<u>DEPARTMENT OF LABOR</u>			
<u>Direct payments:</u>			
ROTC Instruction	17.000	N/A	\$ 50,815
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass through payments:</u>			
County of Richmond, Virginia:			
Head Start Cluster:			
Head Start	93.600	N/A	\$ 963,052
ARRA - Head Start	93.708	N/A	126,751
Total Department of Health and Human Services			\$ 1,089,803
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 2,902,394
ARRA Title I Grants to Local Educational Agencies	84.389	17901-42913	663,143
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	17901-43071	1,156,113
ARRA Special Education Grants to States	84.391	17901-61245	406,666
Special Projects:			
Special Education - Preschool Grants	84.173	17901-62521	29,976
Vocational Education:			
Career and Technical Education - Basic grants to states	84.048	17901-61095	155,919
Education for Homeless Children and Youth	84.196	N/A	12,000
Safe and Drug-Free Schools and Communities-State Grants	84.186	17901-60511	40,768
21st Century Community Learning Centers	84.287	17901-60565	196,641
Education Technology State Grants	84.318	17901-61600	41,301
ARRA Education Technology State Grants	84.386	17901-60897	12,806
State Grants for Innovative Programs	84.298	17901-49005	1,400
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334	N/A	36,368
English Language Acquisition Grants	84.365	17901-60512	6,610
Improving Teacher Quality State Grants	84.367	17901-61480	507,284
School Improvement Grants	84.377	17901-43040	95,171
ARRA Education for Homeless Children and Youth	84.387	17901-18102	297
ARRA State Fiscal Stabilization Funds	84.394	17901-62532	1,592,083
Total Department of Education			\$ 7,856,940
<b>Total Component Unit School Board</b>			\$ 10,504,832
<b>Total Expenditures of Federal Awards</b>			\$ 20,226,944

See accompanying notes to the schedule of expenditures of federal awards

## CITY OF PETERSBURG, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards For The Year Ended June 30, 2010

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#### Note 1 - General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Petersburg, Virginia under programs of the federal government for the year ended June 30, 2010 . The information in this Schedule is presented in accordance with the reporting requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* . Because the Schedule presents only a selected portion of operations of the City of Petersburg, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Petersburg, Virginia.

#### Note 2 - Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* , wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

#### Note 3 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the City's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 5,658,184
Non-major governmental funds	1,521,864
Mass Transit	2,542,064
School Board	<u>10,504,832</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>20,226,944</u></u>
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CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2010

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster	
10.561	SNAP Cluster	
20.507	Federal Transit Formula Grant	
84.010 / 84.389	Title I Cluster	
84.027 / 84.173 / 84.391	Special Education Cluster (IDEA)	
84.394	State Fiscal Stabilization Funds (SFSF) ARRA	
93.600 / 93.708	Head Start Cluster	
93.659	AARA Adoption Assistance; Adoption Assistance	
Dollar threshold used to distinguish between Type A and Type B programs:		\$606,808
Auditee qualified as low-risk auditee?		No

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

There are no federal award findings and questioned costs to report.

**Section IV - Summary Schedule of Prior Audit Findings**

**09-1 - Equipment and Real Property Management - Federal Transit - Capital Investment Grant**

**Finding:**

The City did not maintain detailed equipment records of federally funded equipment which includes a description of the property, a serial number or other identification number, date acquired, costs, and other inventory type records. In addition, it should perform a physical inventory of the property at least every two years.

**Recommendation:**

The City should establish policies and procedures to ensure detailed federally-funded equipment records are maintained, inventories are conducted and safeguards are in place.

**Resolution of prior year findings:**

The City has implemented a program of physical inventory control through annual counts of equipment in FY 10 with verification to inventory detailed equipment records.

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