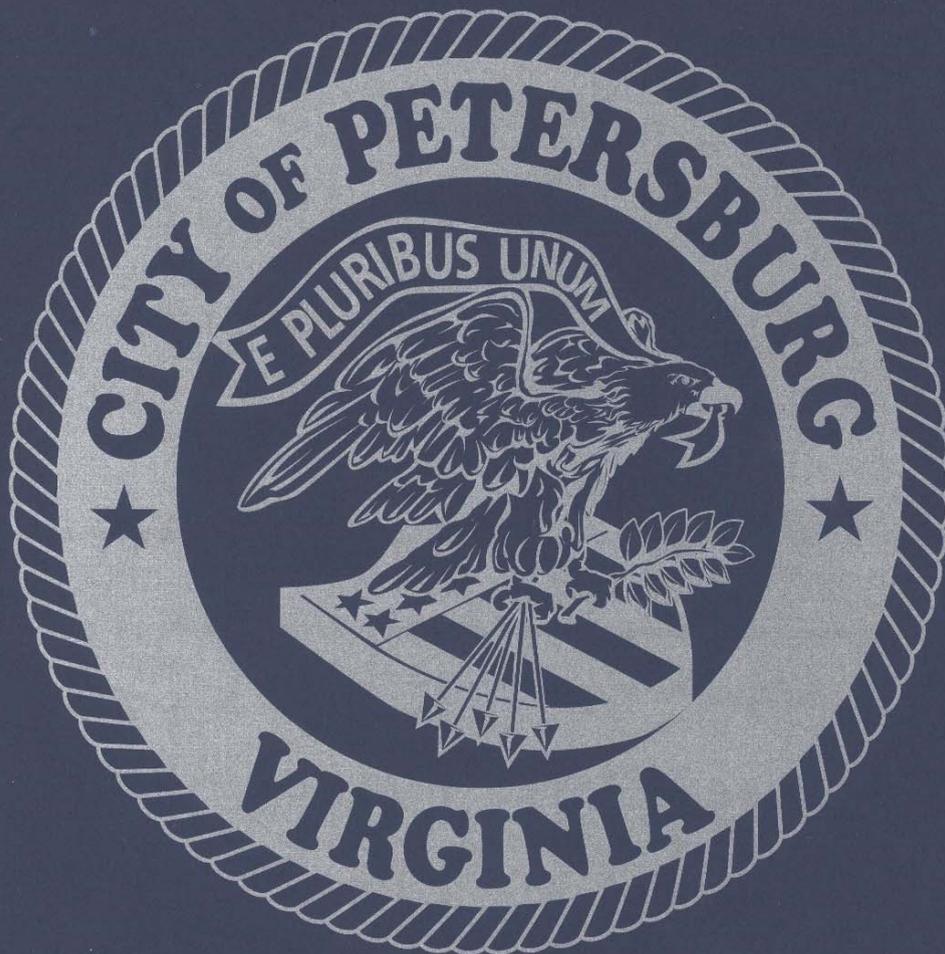


**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

City of Petersburg, Virginia



**For the Fiscal Year
ended June 30, 2015**

City of Petersburg, Virginia

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

Prepared By:

Department of Finance

CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2015

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**CITY OF PETERSBURG, VIRGINIA
CITY COUNCIL AND EXECUTIVE OFFICERS
JUNE 30, 2015**

CITY COUNCIL

W. Howard Myers Mayor
Samuel Parham..... Vice-Mayor
John A. Hart, Sr..... Councilman
David R. Coleman Councilman
Triska Wilson-Smith Councilwoman
Brian A. Moore Councilman
Darril Hill..... Councilman

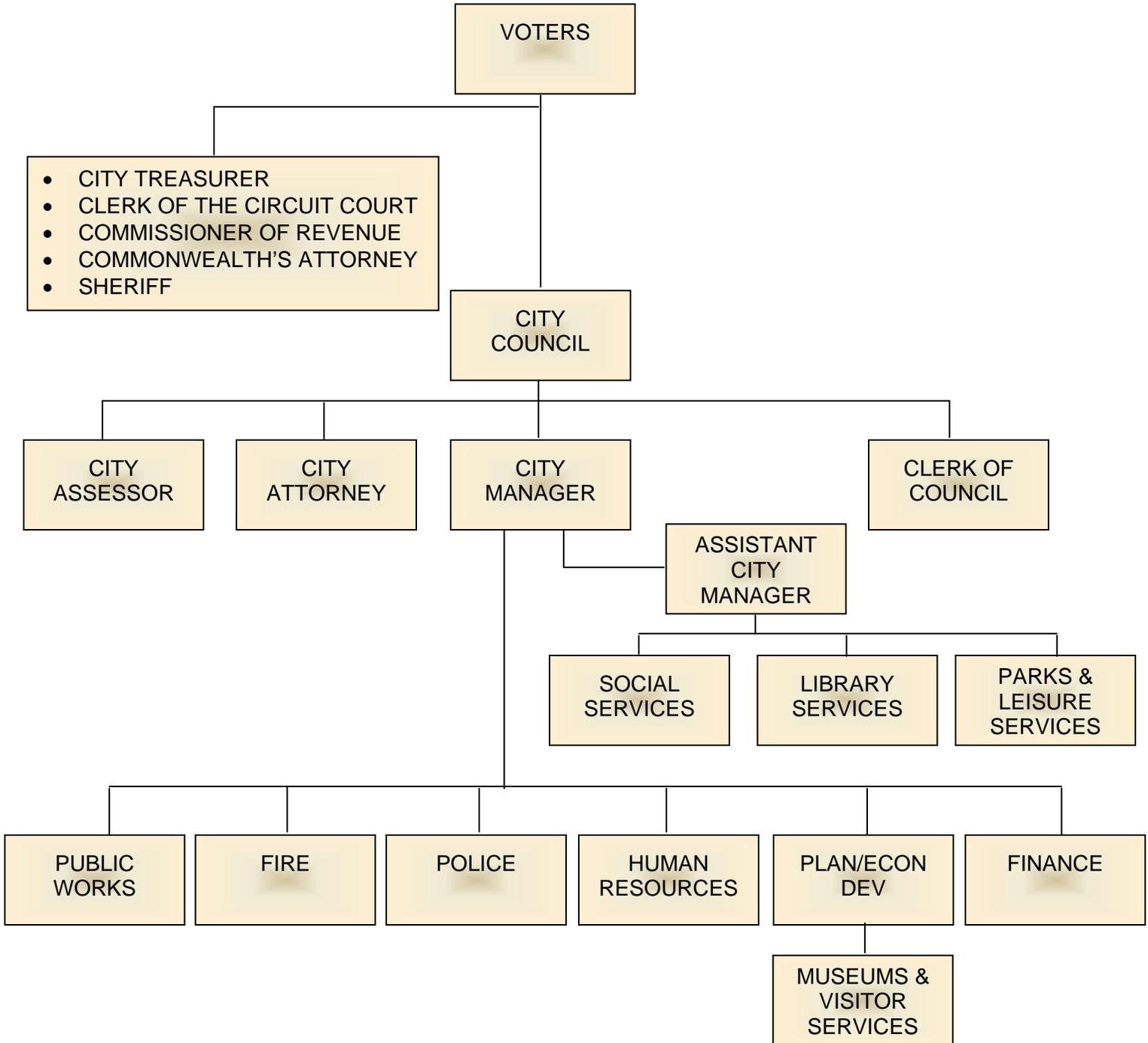
CONSTITUTIONAL OFFICERS

Pam Hairston Commissioner of Revenue
Cassandra S. Burns..... Commonwealth’s Attorney
Kevin A. Brown City Treasurer
Shalva J. Braxton Clerk of the Circuit Court
Vanessa R. Crawford City Sheriff

CITY ADMINISTRATION

William E. Johnson, III City Manager
Nykesha D. Jackson..... Council Clerk
Brian K. Telfair City Attorney
Richie McKeithen City Assessor
Tami M. Champ-Yerby Director of Parks and Leisure Services
Michelle B. Peters Director of Planning
Wayne Crocker Library Director
Landis Faulcon Manager of Economic Development
Kimberley Willis Miles..... Director of Social Services
Marie Coone Museums Manager
Steven W. Hicks..... Director of Public Works
Thomas C. Hairston..... Fire Chief
Lorriane Adeeb..... Director of Human Resources
John I. Dixon III Chief of Police

CITY OF PETERSBURG, VIRGINIA ORGANIZATIONAL CHART





Government Finance Officers Association

**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, 2014

Executive Director/CEO



I AM
PETERSBURG
VIRGINIA

CITY OF PETERSBURG

FINANCE DEPARTMENT

CITY HALL ANNEX, 103 W. TABB STREET
PETERSBURG, VIRGINIA 23803
(804) 733-2337 FAX (804) 733-2434

December 21, 2015

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, 2015, 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 this 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; recreation activities; and cultural events. In addition to general government activities, the operations of Petersburg's public utilities and the City's transit 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 has an average daily population of 44,000 and employs approximately 5,200 civilians. Fort Lee has an economic impact on the region in excess of \$2.4 billion.

The region's primary medical services facility, Southside Regional Medical Center (SRMC), is located in the City. The facility, which includes a nursing school and a specialty healthcare center, is the largest private employer in the City with over 1,400 employees. SRMC along with Poplar Springs Hospital and HealthSouth Surgical Rehabilitation Hospital make Petersburg the medical services hub of the Tri-cities area. Other recent developments at Medical Park Boulevard includes: Simona's Restaurant and DaVita Dialysis.

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

Petersburg continues to experience economic development success throughout the City. During 2015, the renovation of Southside Depot was initiated. This historic landmark will house the National Park Service in 2016. The Centre Hill Mansion, a historical museum, completed a window restoration project and installation of shutters. Other major developments in the City includes the

ECONOMIC CONDITION AND OUTLOOK AND FUTURE PROSPECTS: (CONTINUED)

Nash Building with 13 residential units, Therapeutic Massage Parlor, Buttermilk, Saucys and the Plaza renovation of a former hotel into 16 residential units. The Liberty Pointe multifamily residential project is under construction with plans for 40 plus units. On South Crater Road, construction is under way for Cavalier Farms I and Cavalier Farms II with senior and multifamily residential units.

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 and the Festival of Grapes and Hops. Over the last year, Petersburg has become a major hub for filmmakers. Major film projects such as the Meg Ryan movie *Ithaca* an Apple Lane Production, *Legends and Lies into the West*, by Lionheart Filmworks and the continuation of the AMC series *Turn*, all filmed in downtown Petersburg during 2015.

Petersburg continues to grow in sports tourism with the Dogwood Trace Golf Course, the Petersburg Generals Baseball Team and various activities such as the CIAA Women's Softball Tournament held at the Petersburg Sports Complex.

MAJOR INITIATIVES

Citywide: In partnership with the Federal Transit Authority, the city now operates three trolleys in the downtown and surrounding areas. To reduce cost and improve operations, city outsourced fleet repair services. The City also celebrated the newly constructed and opening of its first Dogwood Trace Clubhouse. This amenity will add to the city's portfolio of attracting new businesses and foot traffic to the area.

Other initiatives include, the procurement policies and procedure manual being updated. Also, the city implemented an online employment application process through NeoGov.

Exit 52: With the acquisition of the Fort Lee Regency hotel, the city recently announced a mixed-use private development project that will boost the local economy bringing visitors, lodging, new retail and employment near the city's main gateway.

Other: The City launched its public access channel through Comcast in January 2015. The channel will allow the city to share general information and inform the public of important dates and events within the city.

Public Works: The Department of Public Utilities in partnership with the Virginia Department of Transportation began repaving Route 460 - County Drive as part of a \$3.5 million project.

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.

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

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 City of Petersburg, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement Nos. 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of pension and OPEB funding progress on pages 5-12, 85, and 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Petersburg, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The 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.

Other Matters (Continued)

Other Information (Continued)

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Petersburg, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 20, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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, 2015. 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

A major change for fiscal year ending June 30, 2015 for all local governments was the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. The implementation of these Statements resulted in the following restatement of net position for the City of Petersburg:

	<u>Governmental Funds</u>	<u>Business-type Funds</u>
Net position as reported at June 30, 2014	\$ 44,295,990	\$ 31,271,198
Implementation of GASB 68	(26,240,095)	(2,185,788)
Net position as restated at June 30, 2014	<u>\$ 18,055,895</u>	<u>\$ 29,085,410</u>

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$40,806,030 (net position).
- The City's net position decreased in governmental funds and business-type activities. Governmental funds net position decreased \$3,842,194 while business-type activities decreased \$2,493,081.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$26,363,473, an increase of \$1,217,541 in comparison with the prior year. Unassigned fund balance for the General Fund decreased from \$174,507 to \$(5,011,152).

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.

Overview of the Financial Statements: (Continued)

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 Position presents information on all of the City's assets, deferred inflows of resources, and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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.

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.

Overview of the Financial Statements: (Continued)

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 Position and a Statement of Changes in Fiduciary Net Position. 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.

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 position may serve over time as a useful indicator of a City's financial position. In the case of the City, assets and deferred inflows of resources exceeded liabilities and deferred inflows of resources by \$40,806,030 at the close of the fiscal year.

City of Petersburg's, Net Position
Schedule of Assets, Liabilities and Net Position
Governmental and Business-type Activities
For the Years Ended June 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 45,475,631	\$ 41,892,614	\$ 1,985,491	\$ (5,549,791)	\$ 47,461,122	\$ 36,342,823
Capital assets	56,724,734	58,389,857	50,408,126	50,287,835	107,132,860	108,677,692
Total assets	\$ 102,200,365	\$ 100,282,471	\$ 52,393,617	\$ 44,738,044	\$ 154,593,982	\$ 145,020,515
Deferred outflows of resources	\$ 3,695,513	\$ -	\$ 369,855	\$ -	\$ 4,065,368	\$ -
Total assets and deferred outflows of resources	\$ 105,895,878	\$ 100,282,471	\$ 52,763,472	\$ 44,738,044	\$ 158,659,350	\$ 145,020,515
Long-term liabilities outstanding	\$ 67,080,937	\$ 42,885,254	\$ 19,875,824	\$ 9,522,636	\$ 86,956,761	\$ 52,407,890
Current liabilities	16,461,025	13,092,888	5,571,231	3,944,210	22,032,256	17,037,098
Total liabilities	\$ 83,541,962	\$ 55,978,142	\$ 25,447,055	\$ 13,466,846	\$ 108,989,017	\$ 69,444,988
Deferred inflows of resources	\$ 8,140,215	\$ 8,339	\$ 724,088	\$ -	\$ 8,864,303	\$ 8,339
Net position:						
Net investment in capital assets	\$ 20,896,406	\$ 22,461,507	\$ 39,271,737	\$ 41,072,153	\$ 60,168,143	\$ 63,533,660
Restricted	3,011,799	3,149,244	489,434	465,941	3,501,233	3,615,185
Unrestricted	(9,694,504)	18,685,239	(13,168,842)	(10,266,896)	(22,863,346)	8,418,343
Total net position	\$ 14,213,701	\$ 44,295,990	\$ 26,592,329	\$ 31,271,198	\$ 40,806,030	\$ 75,567,188
Total liabilities, deferred inflows and net position	\$ 105,895,878	\$ 100,282,471	\$ 52,763,472	\$ 44,738,044	\$ 158,659,350	\$ 145,020,515

The majority of the City's net position 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 most categories of net position. The requirement to record the VRS pension plan liabilities, which totaled \$26,240,095 for governmental activities caused it to report negative unrestricted net position as it will many other localities in Virginia. The Business-type activities also reported negative unrestricted position at year end, however, the City plans to remediate its negative unrestricted net position over time through increases in user fees and transfers from the general government.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities decreased the City's net position by \$3,842,194, while business-type activities decreased net position by \$2,493,081. Key elements of these decreases are as follows:

**City of Petersburg, Virginia's Changes in Net Position
Governmental and Business-type Activities
For the Years Ended June 30, 2015 and 2014**

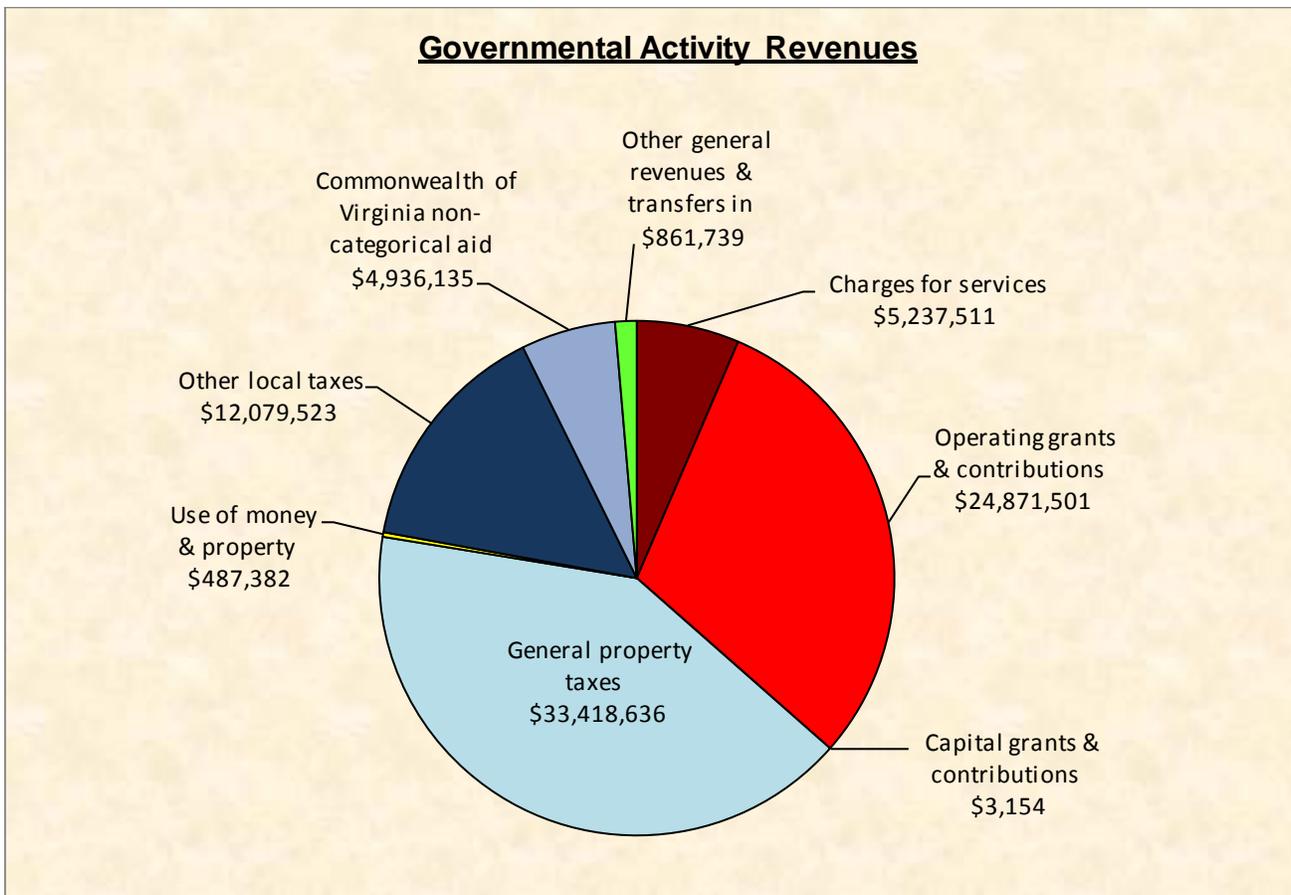
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 5,237,511	\$ 4,784,571	\$ 10,031,375	\$ 10,336,703	\$ 15,268,886	\$ 15,121,274
Operating grants and contributions	24,458,455	24,871,501	3,144,068	1,768,821	27,602,523	26,640,322
Capital grants and contributions	3,154	6,331,938	158,355	2,003,498	161,509	8,335,436
General revenues:						
General property taxes	33,418,636	34,394,416	-	-	33,418,636	34,394,416
Other local taxes	12,079,523	11,694,985	-	-	12,079,523	11,694,985
Use of money and property	231,452	487,382	1,181	1,335	232,633	488,717
Commonwealth of Virginia non- categorical aid	4,828,315	4,936,135	-	-	4,828,315	4,936,135
Other general revenues	1,104,557	861,739	-	-	1,104,557	861,739
Total revenues	\$ 81,361,603	\$ 88,362,667	\$ 13,334,979	\$ 14,110,357	\$ 94,696,582	\$ 102,473,024
Expenses:						
General government administration	\$ 7,085,421	\$ 6,124,429	\$ -	\$ -	\$ 7,085,421	\$ 6,124,429
Judicial administration	2,392,925	2,409,720	-	-	2,392,925	2,409,720
Public safety	26,840,786	27,624,108	-	-	26,840,786	27,624,108
Public works	12,992,788	12,902,451	-	-	12,992,788	12,902,451
Health and welfare	13,703,670	13,358,082	-	-	13,703,670	13,358,082
Education	12,048,813	10,289,525	-	-	12,048,813	10,289,525
Parks, recreation, and cultural	2,445,593	2,819,867	-	-	2,445,593	2,819,867
Community development	6,152,338	3,855,151	-	-	6,152,338	3,855,151
Interest	1,541,463	1,016,546	-	-	1,541,463	1,016,546
Public Utility	-	-	10,141,929	9,095,733	10,141,929	9,095,733
Mass Transit	-	-	4,429,192	4,343,710	4,429,192	4,343,710
Golf Course	-	-	1,256,939	1,203,286	1,256,939	1,203,286
Total expenses	\$ 85,203,797	\$ 80,399,879	\$ 15,828,060	\$ 14,642,729	\$ 101,031,857	\$ 95,042,608
Increase (decrease) in net position before transfers	\$ (3,842,194)	\$ 7,962,788	\$ (2,493,081)	\$ (532,372)	\$ (6,335,275)	\$ 7,430,416
Transfers	-	(878,560)	-	878,560	-	-
Increase (decrease) in net position	\$ (3,842,194)	\$ 7,084,228	\$ (2,493,081)	\$ 346,188	\$ (6,335,275)	\$ 7,430,416
Net position, beginning of year, as restated	18,055,895	37,211,762	29,085,410	30,925,010	47,141,305	68,136,772
Net position, end of year	\$ 14,213,701	\$ 44,295,990	\$ 26,592,329	\$ 31,271,198	\$ 40,806,030	\$ 75,567,188

Government-wide Financial Analysis: (Continued)

The City's net position decreased \$6,335,275 during the current fiscal year. This decrease was reflective of a decrease in net position of governmental activities of \$3,842,191 and a decrease of \$2,493,081 in business-type activities. Governmental activity revenues decreased from \$88,362,667 to \$81,361,603, an decrease of \$7,001,064 or 7.92%. There were two major factors which contributed to the decrease in revenue to include decrease in capital contributions of \$6,328,784, and general property taxes of \$975,780. Capital contributions in FY 14 included the transfer of landfill closure and post-closure liability care costs to an independent contractor, on January 1, 2014, which totaled \$6,206,677. In addition machinery and tool tax revenues decreased \$1,034,083 due to a change in use of manufacturing equipment which caused a decrease in the tax assessments. Governmental expenses increased from \$80,399,879 to \$85,203,797 or \$4,803,918. There were several factors to support this increase which were primarily in community development and Education. Economic development expenses totaled \$1,540,138 in FY 15 compared to \$525,889 in FY 14. The City contributed \$11,662,512 to the School Board in FY 15 compared to \$9,767,357 in FY 14, an increase of \$1,895,155 or 19%. The City has budgeted a total of \$11,662,512 and fully funded the school system. General government administration expenses increased from \$6,124,429 to \$7,085,421 as well. The City decreased transfers to business-type activities from \$878,560 to zero in FY 15.

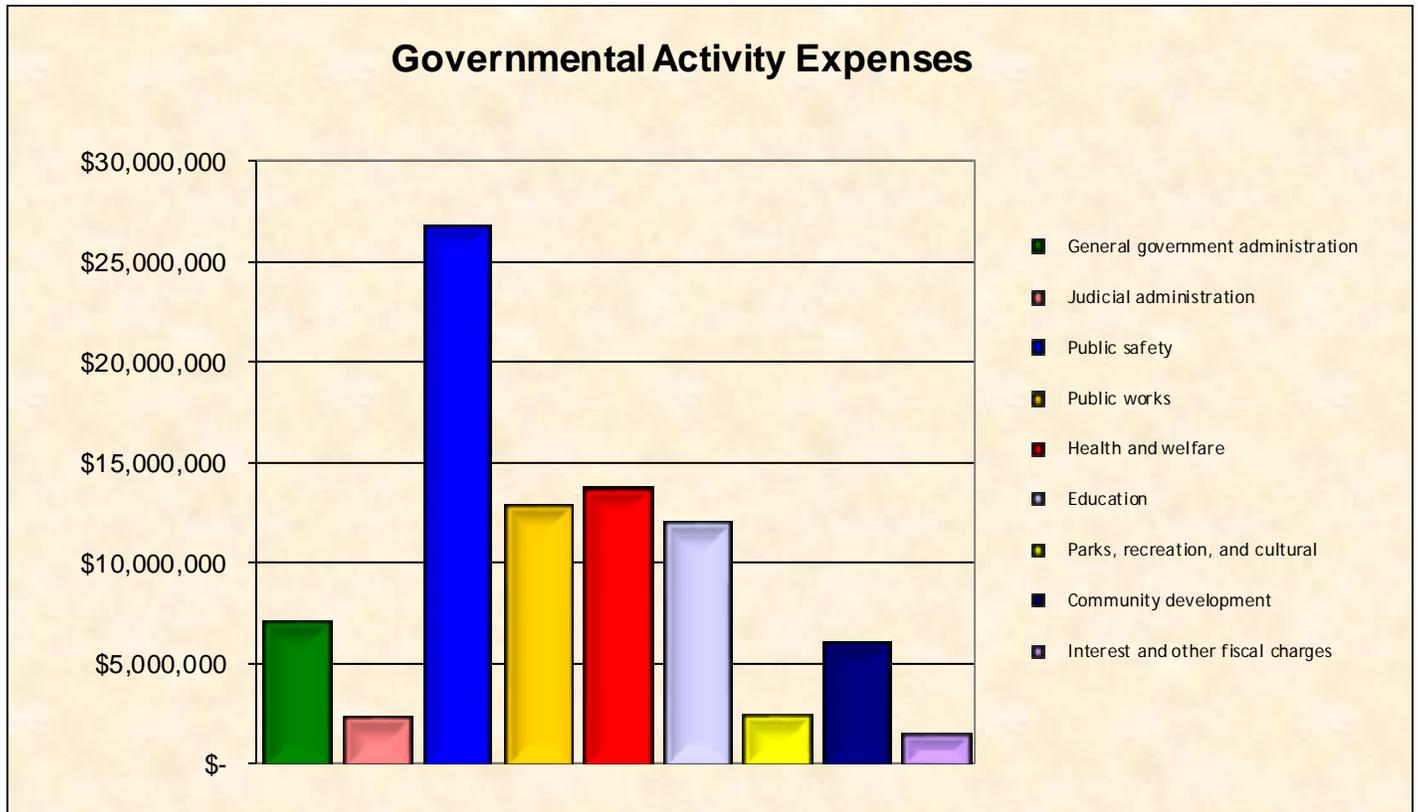
Net position decreased in the business-type activities by \$2,493,081. The Public Utility Fund's net position decreased by \$1,382,608, the Mass Transit Fund net position decreased by \$547,645 and the Golf Course decreased by \$562,828. Overall business-type activity revenues decreased from \$14,110,357 to \$13,334,979 or \$775,378. The most significant decrease was noted in capital contributions and grants for Mass Transit funding for four buses and three vehicles for the Mass Transit fleet in FY 14 which were not present in FY 15. Public Utility connection fee revenue increased from \$181,469 to \$877,578 or \$696,109. Public Utility expenses increased by \$1,046,196 due primarily to increases in wastewater treatment services and water purchased for resale, which increased a total of \$775,058. The General Fund provided funding in the form of operating transfers in FY 14 in the amount of \$878,560 but did not provide any funding in FY 15.

The chart below provides an overview of FY 14-15 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 \$26,363,473 an increase of \$1,217,541 in comparison with the prior year. The City has non-spendable balances comprised of inventory and land held for resale in the amount of \$5,352,974 and inter-fund loans in the amount of \$9,148,704. During FY 14 the City expended \$753,644 in acquiring two former Hotel sites and is renovating one of them and intends to redevelop both of these sites in the near future. The City's General Fund has restricted fund balance for debt service in the amount of \$4,314,400. The fund balance of the City's General Fund decreased \$5,489,469 during the current fiscal year. Key factors in the decrease are as follows:

- Funding provided to the School Board increased from \$9,767,357 to \$11,662,512 an increase of \$1,895,155 or 19%. Full funding from the City was provided to the School Board in FY 15.
- The City's general property tax revenue decreased from \$33,299,800 to \$32,558,767 or \$741,033. As noted earlier the largest contribution to this decrease was due to machinery and tool revenue which declined \$1,034,083.

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

- In FY 15 the City's contributions to the Riverside Regional Jail increased from \$1,139,440 to \$1,558,148, an increase of \$418,708. These contributions are recorded as contributions to community organizations, under community development.
- In FY 14 the City transferred \$610,883 to the Federal and State Grants Projects Fund for future projects and these expenditures were not present in FY 15. These monies were transferred to provide funding for fire departments and law library expenditures. In addition the City provided funding to the business-type activities in FY 14 totaling \$878,560 but provided no funding of this nature in FY 15.
- In FY 15 the General Fund expended \$82,936,405 while revenues totaled \$76,978,947, a deficiency of \$5,489,469, reference Exhibit 11.

The City's other governmental funds reflected an overall increase in fund balances of \$6,707,010. The Capital Projects fund balance increased \$6,851,474 and the other non-major funds decreased \$144,464. Expenditures in the Capital Projects Fund totaled \$1,304,238. Proceeds from several bond issuance as well as a premium on debt totaled \$8,081,515 and are to be used for various school and City projects. Other details for specific capital projects can be found on Schedule 2 of this report.

The Federal and State Projects Fund had revenues of \$3,292,722 and expenditures of \$3,685,175. The General Fund transferred \$235,078 to this fund in FY 15. The Federal and States Projects Fund has a decrease in fund balance of \$157,375 in FY 15. More information on the other governmental funds can be found on Exhibit 17.

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 position (deficit) of the Public Utility Fund, Mass Transit Fund and the Golf Course at the end of the year were \$(269,721), (\$9,039,599), and (\$3,859,522), respectively. Net position decreased for the Public Utility Fund by \$1,382,608 and by \$547,645 for Mass Transit while the Golf Course Fund had a decrease in net position of \$562,828. Information for these funds was discussed previously in this letter. The Multi-modal Transportation Facility was fully operational for the first year in FY 11 and state and federal funding sources in addition to charges for services were insufficient to cover operating expenses thus contributing to the decline in net position.

General Fund Budgetary Highlights

The differences between the General Fund original budget and final amended budget were caused by several increases in appropriations. These increases caused the expenditure budget to increase from \$80,032,751 to \$81,053,866 as disclosed on Exhibit 11. Some of the major differences can be summarized as follows:

- An increase of \$1,022,503 in community development primarily for economic development incentives and other expenditures.
- An increase of \$1,000,000 in miscellaneous revenues.

While the total General Fund revenue budget increased from \$80,412,017 to \$81,425,629 or \$1,013,612. More detailed information on the General Fund budget revenues and expenditures can be found on Schedules 1 and 2 of this report.

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, 2015 totaled \$107,132,860 (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 \$3,642,393 in the governmental activities and \$2,454,578 in the business-type activities. The City's governmental capital assets, net of accumulated depreciation, decreased by \$1,665,123. The City's business-type capital assets, net of accumulated depreciation, increased \$120,291. More detailed information on the City's capital assets can be found in Note 6 of this report.

Long-term obligations - At the end of the current fiscal year, the City governmental activities had total long-term obligations outstanding of \$71,683,251 and the business-type activities had \$20,388,691. Of these amounts \$57,919,630 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 \$5,440,000 in general obligation bonds, \$2,000,000 in School Qualified Zone Academy Bonds, \$7,380,000 in Public Utility Bonds. The City also issued \$703,067 in capital lease obligations for various vehicles and equipment and in addition issued \$1,003,000 for installation of water meters for the Public Utility Fund. The City also issued and redeemed \$5,000,000 of tax revenue anticipation notes during the year. As noted earlier the City recorded net pension liabilities in accordance with GASB 68 and the liabilities total \$21,602,878 at June 30, 2015. 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 have not. The local unemployment rate is currently at 9.1%, which is lower than the 9.5% in September, 2014. The state unemployment rate is currently 5.0%.

This factor was considered in preparing the City's budget for the 2016 fiscal year. The General Fund for FY 16 totals \$75,227,328, which is \$5,248,386 lower the fiscal 2015 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.

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ 392,090	\$ 392,090	\$ -
Restricted cash	14,682,682	7,943,784	22,626,466	-
Receivables (net of allowance for uncollectibles):				
Property taxes	9,830,975	-	9,830,975	-
Accounts receivable	1,201,529	2,048,770	3,250,299	106,480
Inventory	5,352,974	547,172	5,900,146	184,392
Due from Primary Government	-	-	-	3,859,985
Internal balances	9,178,414	(9,178,414)	-	-
Due from other governmental units	5,229,057	232,089	5,461,146	2,377,030
Total Current Assets	\$ 45,475,631	\$ 1,985,491	\$ 47,461,122	\$ 6,527,887
Capital assets (net of depreciation):				
Land	\$ 6,046,998	\$ 4,700,360	\$ 10,747,358	\$ 5,000
Construction in progress	1,237,382	1,223,973	2,461,355	-
Land improvements	-	563,596	563,596	111,929
Utility plant in service	-	19,390,726	19,390,726	-
Water capacity rights	-	2,320,500	2,320,500	-
Buildings and improvements	32,904,324	19,751,259	52,655,583	6,712,989
Vehicles	2,058,837	2,015,573	4,074,410	1,154,682
Equipment and machinery	2,235,259	442,139	2,677,398	432,908
Infrastructure	12,241,934	-	12,241,934	-
Total Capital Assets	\$ 56,724,734	\$ 50,408,126	\$ 107,132,860	\$ 8,417,508
Total Assets	\$ 102,200,365	\$ 52,393,617	\$ 154,593,982	\$ 14,945,395
DEFERRED OUTFLOWS OF RESOURCES				
Pension contribution subsequent to measurement date	\$ 3,695,513	\$ 369,855	\$ 4,065,368	\$ 3,676,347
Total Assets and Deferred Outflows of Resources	\$ 105,895,878	\$ 52,763,472	\$ 158,659,350	\$ 18,621,742
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 6,225,639	\$ 1,095,941	\$ 7,321,580	\$ 4,559,232
Reconciled overdraft	736,535	3,279,243	4,015,778	147,300
Accrued interest payable	342,985	111,403	454,388	-
Unearned revenue	668,420	-	668,420	6,517
Customer deposits	25,147	571,777	596,924	-
Due to Component Unit School Board	3,859,985	-	3,859,985	-
Current portion of long-term obligations	4,602,314	512,867	5,115,181	56,134
Total Current Liabilities	\$ 16,461,025	\$ 5,571,231	\$ 22,032,256	\$ 4,769,183
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	67,080,937	19,875,824	86,956,761	39,292,657
Total Liabilities	\$ 83,541,962	\$ 25,447,055	\$ 108,989,017	\$ 44,061,840
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	\$ 23,185	\$ -	\$ 23,185	\$ -
Items related to measurement of net pension liability	8,117,030	724,088	8,841,118	6,842,597
Total Deferred Inflows of Resources	\$ 8,140,215	\$ 724,088	\$ 8,864,303	\$ 6,842,597
NET POSITION				
Net investment in capital assets	\$ 20,896,406	\$ 39,271,737	\$ 60,168,143	\$ 8,417,508
Restricted for grants	1,160,535	-	1,160,535	-
Restricted for debt service	-	489,434	489,434	-
Restricted for McKenney scholarships	8,534	-	8,534	-
Restricted for perpetual care and library	1,842,730	-	1,842,730	-
Unrestricted (deficit)	(9,694,504)	(13,168,842)	(22,863,346)	(40,700,203)
Total Net Position	\$ 14,213,701	\$ 26,592,329	\$ 40,806,030	\$ (32,282,695)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 105,895,878	\$ 52,763,472	\$ 158,659,350	\$ 18,621,742

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

CITY OF PETERSBURG, VIRGINIA

Statement of Activities
 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	\$ 7,085,421	\$ 177,548	\$ 299,039	\$ -
Judicial administration	2,392,925	562,613	1,183,964	-
Public safety	26,840,786	723,770	7,280,645	-
Public works	12,992,788	3,155,209	5,400,118	3,154
Health and welfare	13,703,670	-	9,704,194	-
Education	12,048,813	-	-	-
Parks, recreation, and cultural	2,445,593	144,757	145,622	-
Community development	6,152,338	473,614	444,873	-
Interest	1,541,463	-	-	-
Total governmental activities	\$ 85,203,797	\$ 5,237,511	\$ 24,458,455	\$ 3,154
Business-type activities:				
Public utility	\$ 10,141,929	\$ 8,758,140	\$ -	\$ -
Mass transit	4,429,192	579,124	3,144,068	158,355
Golf course	1,256,939	694,111	-	-
Total business-type activities	\$ 15,828,060	\$ 10,031,375	\$ 3,144,068	\$ 158,355
Total primary government	\$ 101,031,857	\$ 15,268,886	\$ 27,602,523	\$ 161,509
COMPONENT UNIT:				
School Board	\$ 48,896,343	\$ 230,296	\$ 37,135,329	\$ 79,957

General revenues:
 General property taxes
 Local sales and use 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
 Total general revenues and transfers
 Change in net position
 Net position - beginning, as restated
 Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (6,608,834)	\$ -	\$ (6,608,834)	\$ -
(646,348)	-	(646,348)	-
(18,836,371)	-	(18,836,371)	-
(4,434,307)	-	(4,434,307)	-
(3,999,476)	-	(3,999,476)	-
(12,048,813)	-	(12,048,813)	-
(2,155,214)	-	(2,155,214)	-
(5,233,850)	-	(5,233,850)	-
<u>(1,541,463)</u>	<u>-</u>	<u>(1,541,463)</u>	<u>-</u>
<u>\$ (55,504,677)</u>	<u>\$ -</u>	<u>\$ (55,504,677)</u>	<u>\$ -</u>
\$ -	\$ (1,383,789)	\$ (1,383,789)	\$ -
-	(547,645)	(547,645)	-
-	(562,828)	(562,828)	-
<u>\$ -</u>	<u>\$ (2,494,262)</u>	<u>\$ (2,494,262)</u>	<u>\$ -</u>
<u>\$ (55,504,677)</u>	<u>\$ (2,494,262)</u>	<u>\$ (57,998,939)</u>	<u>\$ -</u>
			<u>\$ (11,450,761)</u>
\$ 33,418,636	\$ -	\$ 33,418,636	\$ -
3,715,835	-	3,715,835	-
1,715,224	-	1,715,224	-
2,797,490	-	2,797,490	-
420,192	-	420,192	-
256,522	-	256,522	-
2,571,793	-	2,571,793	-
602,467	-	602,467	-
231,452	1,181	232,633	10,952
1,104,557	-	1,104,557	193,680
4,828,315	-	4,828,315	-
-	-	-	11,662,512
<u>\$ 51,662,483</u>	<u>\$ 1,181</u>	<u>\$ 51,663,664</u>	<u>\$ 11,867,144</u>
<u>\$ (3,842,194)</u>	<u>\$ (2,493,081)</u>	<u>\$ (6,335,275)</u>	<u>\$ 416,383</u>
<u>18,055,895</u>	<u>29,085,410</u>	<u>47,141,305</u>	<u>(32,699,078)</u>
<u>\$ 14,213,701</u>	<u>\$ 26,592,329</u>	<u>\$ 40,806,030</u>	<u>\$ (32,282,695)</u>

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2015

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Non Major Funds	
ASSETS				
Cash and cash equivalents	\$ -	\$ 4,000,167	\$ 2,312,464	\$ 6,312,631
Restricted cash	4,314,400	8,517,018	1,851,264	14,682,682
Receivables (Net of allowances for uncollectibles):				
Taxes	9,830,975	-	-	9,830,975
Accounts	957,922	-	243,607	1,201,529
Inventory and land held for resale	5,352,974	-	-	5,352,974
Due from other funds	9,148,704	279,781	-	9,428,485
Due from other governmental units	5,089,693	258	139,106	5,229,057
Total assets	<u>\$ 34,694,668</u>	<u>\$ 12,797,224</u>	<u>\$ 4,546,441</u>	<u>\$ 52,038,333</u>
LIABILITIES				
Accounts payable	\$ 1,951,114	\$ 179,990	\$ 534,096	\$ 2,665,200
Reconciled overdraft	7,049,166	-	-	7,049,166
Accrued salaries payable	3,478,384	-	82,055	3,560,439
Deposits held	25,147	-	-	25,147
Unearned revenue	-	-	668,420	668,420
Due to other funds	-	-	250,071	250,071
Due to Component Unit School Board	789,499	3,070,486	-	3,859,985
Total liabilities	<u>\$ 13,293,310</u>	<u>\$ 3,250,476</u>	<u>\$ 1,534,642</u>	<u>\$ 18,078,428</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	\$ 7,596,432	-	-	\$ 7,596,432
FUND BALANCE				
Nonspendable:				
Inventory and land held for resale	\$ 5,352,974	\$ -	\$ -	\$ 5,352,974
Cemetery Perpetual care and library	-	-	1,842,730	1,842,730
McKenney scholarships	-	-	8,534	8,534
Interfund loans	9,148,704	-	-	9,148,704
Restricted:				
Grants	-	-	1,160,535	1,160,535
Debt service	4,314,400	-	-	4,314,400
Capital projects	-	9,546,748	-	9,546,748
Unassigned (deficit)	(5,011,152)	-	-	(5,011,152)
Total fund balances	<u>\$ 13,804,926</u>	<u>\$ 9,546,748</u>	<u>\$ 3,011,799</u>	<u>\$ 26,363,473</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 34,694,668</u>	<u>\$ 12,797,224</u>	<u>\$ 4,546,441</u>	<u>\$ 52,038,333</u>
Fund balances above				\$ 26,363,473
Detailed explanation of adjustments from fund statements to government-wide statement of net position:				
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the locality as a whole.				56,724,734
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when				(342,985)
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.				
Items related to measurement of net pension liability				(8,117,030)
Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and, therefore, are not reported in the funds.				3,695,513
Some of the City's property taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore are reported as unavailable in the funds.				7,573,247
Long-term liabilities applicable to the City'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 position.				(71,683,251)
Net position of General Government Activities				<u>\$ 14,213,701</u>

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, 2015

	Governmental Fund Types			
	General	Capital Projects	Non-Major Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 32,558,767	\$ -	\$ -	\$ 32,558,767
Other local taxes	12,079,523	-	-	12,079,523
Permits, privilege fees and regulatory licenses	662,719	-	23,832	686,551
Fines and forfeitures	765,358	-	-	765,358
Revenue from use of money and property	155,444	8,981	67,027	231,452
Charges for services	2,488,851	-	1,296,751	3,785,602
Miscellaneous	968,000	62,062	74,495	1,104,557
Recovered costs	282,203	-	30,199	312,402
Intergovernmental:				
Commonwealth	22,118,998	579	1,429,400	23,548,977
Federal	4,899,084	2,575	839,288	5,740,947
Total revenues	\$ 76,978,947	\$ 74,197	\$ 3,760,992	\$ 80,814,136
Expenditures:				
Current:				
General government administration	\$ 7,245,647	\$ 279,048	\$ -	\$ 7,524,695
Judicial administration	2,297,236	142,010	24,178	2,463,424
Public safety	26,047,620	104,575	1,454,675	27,606,870
Public works	9,734,462	8,371	1,238,377	10,981,210
Health and welfare	13,638,987	-	41,842	13,680,829
Education	11,662,512	499,895	-	12,162,407
Parks, recreation, and cultural	2,364,504	8,780	36,944	2,410,228
Community development	4,828,998	-	1,344,518	6,173,516
Nondepartmental	1,274,446	-	-	1,274,446
Debt service:				
Principal retirement	2,551,645	52,000	-	2,603,645
Interest and other fiscal charges	1,290,348	209,559	-	1,499,907
Total expenditures	\$ 82,936,405	\$ 1,304,238	\$ 4,140,534	\$ 88,381,177
Excess (deficiency) of revenues over (under) expenditures	\$ (5,957,458)	\$ (1,230,041)	\$ (379,542)	\$ (7,567,041)
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 235,078	\$ 235,078
Transfers (out)	(235,078)	-	-	(235,078)
Issuance of debt	-	7,292,000	-	7,292,000
Premium on debt	-	789,515	-	789,515
Issuance of capital leases	703,067	-	-	703,067
Total other financing sources (uses)	\$ 467,989	\$ 8,081,515	\$ 235,078	\$ 8,784,582
Changes in fund balance	\$ (5,489,469)	\$ 6,851,474	\$ (144,464)	\$ 1,217,541
Fund balances at beginning of year	19,294,395	2,695,274	3,156,263	25,145,932
Fund balances at end of year	<u>\$ 13,804,926</u>	<u>\$ 9,546,748</u>	<u>\$ 3,011,799</u>	<u>\$ 26,363,473</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, 2015

		<u>Primary Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	1,217,541
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 depreciation exceeded capital outlays in the current period. The following details support this adjustment.		
Capital asset additions	\$ 1,977,270	
Depreciation expense	<u>(3,642,393)</u>	(1,665,123)
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 following:		
Change in deferred taxes	\$ 859,869	
Increase (decrease) in deferred inflows related to the measurement of net pension liability	<u>(8,117,030)</u>	(7,257,161)
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 position. Also, governmental funds report the effect of 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	\$ 2,603,645	
Issuance of debt, premium on debt and capital leases	<u>(8,784,582)</u>	(6,180,937)
Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		3,695,513
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 compensated absences	\$ 128,326	
Change in net pension liability	6,264,203	
Change in net OPEB obligation	(3,000)	
Change in accrued interest payable	<u>(41,556)</u>	6,347,973
Change in net position of governmental activities	\$	<u><u>(3,842,194)</u></u>

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

Statement of Net Position
 Proprietary Funds
 June 30, 2015

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 392,090	\$ -	\$ -	\$ 392,090
Restricted cash	7,943,784	-	-	7,943,784
Receivables (net of allowance for uncollectibles):				
Accounts receivable	2,047,756	1,014	-	2,048,770
Due from other governmental units	-	232,089	-	232,089
Inventory	277,820	218,740	50,612	547,172
Total Current Assets	<u>\$ 10,661,450</u>	<u>\$ 451,843</u>	<u>\$ 50,612</u>	<u>\$ 11,163,905</u>
Capital assets (net of depreciation):				
Land	\$ 173,898	\$ 1,143,415	\$ 3,383,047	\$ 4,700,360
Construction in progress	-	455,200	768,773	1,223,973
Land improvements	-	-	563,596	563,596
Utility plant in service	19,390,726	-	-	19,390,726
Buildings and improvements	-	19,703,659	47,600	19,751,259
Water capacity rights	2,320,500	-	-	2,320,500
Vehicles	57,854	1,957,719	-	2,015,573
Equipment and machinery	176,621	265,518	-	442,139
Total capital assets (net of accumulated depreciation)	<u>\$ 22,119,599</u>	<u>\$ 23,525,511</u>	<u>\$ 4,763,016</u>	<u>\$ 50,408,126</u>
Total Assets	<u>\$ 32,781,049</u>	<u>\$ 23,977,354</u>	<u>\$ 4,813,628</u>	<u>\$ 61,572,031</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contribution subsequent to measurement date	\$ 175,423	\$ 176,337	\$ 18,095	\$ 369,855
Total Assets and Deferred Outflows of Resources	<u>\$ 32,956,472</u>	<u>\$ 24,153,691</u>	<u>\$ 4,831,723</u>	<u>\$ 61,941,886</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 403,775	\$ 181,352	\$ 173,531	\$ 758,658
Reconciled overdraft	-	1,716,637	1,562,606	3,279,243
Accrued salaries payable	144,230	175,971	17,082	337,283
Accrued interest payable	59,465	-	51,938	111,403
Due to other funds	672,676	6,480,355	2,025,383	9,178,414
Customers' deposits payable	571,777	-	-	571,777
Current portion of compensated absences	6,572	7,844	2,784	17,200
Current portion of capital leases	236,376	-	11,487	247,863
Current portion of premium on bonds issued	24,612	-	-	24,612
Current portion of general obligation bonds	126,810	-	96,382	223,192
Total Current Liabilities	<u>\$ 2,246,293</u>	<u>\$ 8,562,159</u>	<u>\$ 3,941,193</u>	<u>\$ 14,749,645</u>
Noncurrent Liabilities:				
Noncurrent portion of compensated absences	\$ 59,151	70,700	25,061	154,912
Noncurrent portion of capital leases	5,023,027	-	5,871	5,028,898
Noncurrent portion of premium on bonds issued	637,849	-	-	637,849
Noncurrent portion of net pension liability	874,983	718,408	33,595	1,626,986
Noncurrent portion of general obligation bonds	8,229,730	-	4,197,449	12,427,179
Total Noncurrent Liabilities	<u>\$ 14,824,740</u>	<u>\$ 789,108</u>	<u>\$ 4,261,976</u>	<u>\$ 19,875,824</u>
Total Liabilities	<u>\$ 17,071,033</u>	<u>\$ 9,351,267</u>	<u>\$ 8,203,169</u>	<u>\$ 34,625,469</u>
DEFERRED INFLOWS OF RESOURCES				
Items related to measurement of net pension liability	\$ 371,327	\$ 316,512	\$ 36,249	\$ 724,088
NET POSITION				
Net investment in capital assets	\$ 15,294,399	\$ 23,525,511	\$ 451,827	\$ 39,271,737
Restricted for debt service	489,434	-	-	489,434
Unrestricted	(269,721)	(9,039,599)	(3,859,522)	(13,168,842)
Total Net Position	<u>\$ 15,514,112</u>	<u>\$ 14,485,912</u>	<u>\$ (3,407,695)</u>	<u>\$ 26,592,329</u>
Total Liabilities, Deferred Inflows of resources, and Net Position	<u>\$ 32,956,472</u>	<u>\$ 24,153,691</u>	<u>\$ 4,831,723</u>	<u>\$ 61,941,886</u>

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

Statement of Revenues, Expenses and Changes in Net Position --
 Proprietary Funds
 Year Ended June 30, 2015

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Operating revenues:				
Charges for services	\$ 7,853,452	\$ 566,472	\$ 694,111	\$ 9,114,035
Connection fees	877,578	-	-	877,578
Miscellaneous income	27,110	12,652	-	39,762
Total operating revenues	<u>\$ 8,758,140</u>	<u>\$ 579,124</u>	<u>\$ 694,111</u>	<u>\$ 10,031,375</u>
Operating expenses:				
Personal services	\$ 1,394,488	\$ 1,625,112	\$ 171,564	\$ 3,191,164
Fringe benefits	451,794	421,774	33,619	907,187
Contractual services	368,256	430,303	508,824	1,307,383
Wastewater treatment services	3,807,994	-	-	3,807,994
Water purchased for resale	1,224,873	-	-	1,224,873
Other charges	969,021	651,399	264,724	1,885,144
Depreciation	1,082,181	1,300,491	71,906	2,454,578
Total operating expenses	<u>\$ 9,298,607</u>	<u>\$ 4,429,079</u>	<u>\$ 1,050,637</u>	<u>\$ 14,778,323</u>
Operating income (loss)	<u>\$ (540,467)</u>	<u>\$ (3,849,955)</u>	<u>\$ (356,526)</u>	<u>\$ (4,746,948)</u>
Nonoperating revenues (expenses):				
State grants	\$ -	\$ 839,857	\$ -	\$ 839,857
Federal grants	-	2,304,211	-	2,304,211
Interest income	1,181	-	-	1,181
Contribution to SCWA	(435,000)	-	-	(435,000)
Interest expense	(408,322)	(113)	(206,302)	(614,737)
Total nonoperating revenues (expenses)	<u>\$ (842,141)</u>	<u>\$ 3,143,955</u>	<u>\$ (206,302)</u>	<u>\$ 2,095,512</u>
Income (loss) before contributions and transfers	\$ (1,382,608)	\$ (706,000)	\$ (562,828)	\$ (2,651,436)
Capital contributions and construction grants	-	158,355	-	158,355
Changes in net position	\$ (1,382,608)	\$ (547,645)	\$ (562,828)	\$ (2,493,081)
Net position (deficit) at beginning of year, as restated	<u>16,896,720</u>	<u>15,033,557</u>	<u>(2,844,867)</u>	<u>29,085,410</u>
Net position (deficit) at end of year	<u>\$ 15,514,112</u>	<u>\$ 14,485,912</u>	<u>\$ (3,407,695)</u>	<u>\$ 26,592,329</u>

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

Statement of Cash Flows --
 Proprietary Funds
 Year Ended June 30, 2015

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 9,141,255	\$ 578,109	\$ 689,879	\$ 10,409,243
Payments to employees (including fringe benefits)	(1,955,206)	(2,109,556)	(197,366)	(4,262,128)
Payments to suppliers	(6,424,846)	(958,070)	(636,242)	(8,019,158)
Net cash provided by (used for) operating activities	<u>\$ 761,203</u>	<u>\$ (2,489,517)</u>	<u>\$ (143,729)</u>	<u>\$ (1,872,043)</u>
Cash flows from capital and related financing activities:				
Purchase and construction of capital assets	\$ (1,057,821)	\$ (799,325)	\$ (717,723)	\$ (2,574,869)
Capital grants and contributions	-	158,355	-	158,355
Interest expense	(358,472)	(113)	(205,596)	(564,181)
Premium on debt issued	664,512	-	-	664,512
Contribution to SCWA	(435,000)	-	-	(435,000)
Proceeds from general obligation bonds	7,380,000	-	148,000	7,528,000
Proceeds from capital lease obligations	1,003,000	-	-	1,003,000
Retirement of indebtedness	(147,911)	(11,178)	(99,411)	(258,500)
Net cash provided by (used for) capital and related financing activities	<u>\$ 7,048,308</u>	<u>\$ (652,261)</u>	<u>\$ (874,730)</u>	<u>\$ 5,521,317</u>
Cash flows from noncapital financing activities:				
State and federal grants	\$ -	\$ 2,994,413	\$ -	\$ 2,994,413
Negative cash balances implicitly financed	-	147,365	1,018,459	1,165,824
Net cash provided by (used for) noncapital financing activities	<u>\$ -</u>	<u>\$ 3,141,778</u>	<u>\$ 1,018,459</u>	<u>\$ 4,160,237</u>
Cash flows from investing activities:				
Interest income	\$ 1,181	-	-	\$ 1,181
Increase in cash and cash equivalents	\$ 7,810,692	-	-	\$ 7,810,692
Cash and cash equivalents at beginning of year	525,182	-	-	525,182
Cash and cash equivalents at end of year	<u>\$ 8,335,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,335,874</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (540,467)	\$ (3,849,955)	\$ (356,526)	\$ (4,746,948)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation	\$ 1,082,181	\$ 1,300,491	\$ 71,906	\$ 2,454,578
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable and due from other governments	369,546	(1,014)	-	368,532
Inventory	(25,680)	66,526	16,614	57,460
Increase (decrease) in:				
Accounts payable and accrued expenses	(45,791)	86,215	124,055	164,479
Customer deposits	13,569	-	-	13,569
Pension deferred outflows of resources	(11,064)	(36,241)	(2,050)	(49,355)
Pension deferred inflows of resources	371,327	316,512	36,249	724,088
Net pension liability	(450,924)	(384,359)	(44,019)	(879,302)
Unearned revenue	-	-	(4,232)	(4,232)
Compensated absences	(1,494)	12,308	14,274	25,088
Total adjustments	<u>\$ 1,301,670</u>	<u>\$ 1,360,438</u>	<u>\$ 212,797</u>	<u>\$ 2,874,905</u>
Net cash provided by (used for) operating activities	<u>\$ 761,203</u>	<u>\$ (2,489,517)</u>	<u>\$ (143,729)</u>	<u>\$ (1,872,043)</u>
Reconciliation of Cash to Statement of Net Position:				
Cash and cash equivalents	\$ 392,090	-	-	\$ 392,090
Restricted cash - SCWA - debt service	7,943,784	-	-	7,943,784
Negative cash balances implicitly financed	-	(1,716,637)	(1,562,606)	(3,279,243)
Total cash and cash equivalents at end of year	<u>\$ 8,335,874</u>	<u>\$ (1,716,637)</u>	<u>\$ (1,562,606)</u>	<u>\$ 5,056,631</u>

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

Statement of Fiduciary Net Position - Fiduciary Funds
At June 30, 2015

	Hospital Trust Fund		Agency Funds
	Private- Purpose Trust		Funds
ASSETS			
Cash and cash equivalents	\$ 554,672	\$	222,084
Land held for resale	-		2,500,000
	<u>554,672</u>		<u>2,722,084</u>
Total assets	\$ <u>554,672</u>	\$	<u>2,722,084</u>
LIABILITIES			
Accounts payable	\$ 135,000	\$	-
Amounts held for others	-		222,084
Note payable	-		2,500,000
	<u>135,000</u>		<u>2,722,084</u>
Total liabilities	\$ 135,000	\$	2,722,084
NET POSITION			
Held for hospitalization care for welfare recipients	<u>419,672</u>		<u>-</u>
Total liabilities and net position	\$ <u>554,672</u>	\$	<u>2,722,084</u>

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
 Year Ended June 30, 2015

	Hospital Trust Fund <u>Private- Purpose Trust</u>
Additions	
Investment income	\$ <u>4,333</u>
Change in net position	\$ 4,333
Net position - beginning of the year	<u>415,339</u>
Net position - end of the year	<u><u>\$ 419,672</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, 2015

Note 1—Summary of Significant Accounting Policies:

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 unit. 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, 2015.

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, 2015.

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

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, 2015 were \$3,807,994 and amortization of prepaid debt service totaled \$435,000. 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, 2015 were \$1,558,148. 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, 2015 were \$1,224,873. 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, 2015 (Continued)

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

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 Greensville, 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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

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 accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. 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 Position 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 Position - The Statement of Net Position is designed to display financial position of the Primary Government (governmental and business-type activities) and its discretely presented component unit. Governments report all capital assets, in the government-wide Statement of Net Position and report their depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets, 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)

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 position for governmental activities as shown on the government-wide Statement of Net Position is presented in a schedule accompanying the Governmental Funds' Balance Sheet. The asset and liability and the deferred outflows/inflows of resources 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 position 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 Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. For the fiduciary funds, the financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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.

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

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 governments 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 Position. 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. 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.

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

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

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

Measurement Focus and Basis of Accounting: (Continued)

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.

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 nonmajor 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 and report 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.
- b. Special Revenue Funds - Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special Revenue Funds consist of the Federal and State Projects Fund and Community Development Act. Both of these funds are considered nonmajor funds for reporting purposes.
- c. Capital Projects Funds - Capital Projects Funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. Capital Projects Funds consist of Capital Projects Fund. The Capital Projects fund is considered a major fund for reporting purposes.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

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

1. Governmental Funds: (Continued)

- d. Permanent Funds - Permanent funds are used to report resources that are legally restricted to the extent that only earnings, 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 nonmajor 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.

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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

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 committed or assigned 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.

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.

G. Investments

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

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).

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

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 \$2,647,893 at June 30, 2015 and is comprised of the following:

Property taxes - General Fund	\$	910,200
Refuse and consumer's utility taxes - General Fund		162,474
Stormwater fees - Grants Fund		126,157
Public Utility Accounts		1,449,062
Total	\$	<u>2,647,893</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.

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 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 water capacity rights as an intangible capital asset.

J. Capital Assets

Capital assets, which include property, plant and equipment, infrastructure, and intangible assets 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 the asset's life is 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. There was no interest capitalized for the year ended June 30, 2015.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

J. Capital Assets: (Continued)

Property, plant and equipment, infrastructure, and intangibles 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

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.

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

M. Property Taxes: (Continued)

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 unavailable 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 obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond discounts 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

P. Fund Equity

The City reports fund balance in accordance with GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

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

P. Fund Equity: (Continued)

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Council policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The City Council establishes and modifies or rescinds fund balance commitments at year-end by passage of a resolution. The City Council has not delegated this authority to assign amounts to any individual for the fiscal year ending June 30, 2015.

As of June 30, 2015, there was a deficit net position in the Golf Course Fund (\$3,407,695).

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 Position 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 Position 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.

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

S. Restricted Cash

The City has governmental fund restricted cash amounts in the General Fund and in its Capital Projects Fund, which consists of debt service reserve funds and unexpended bond proceeds, and in Permanent Funds which are restricted of amounts held for cemetery and other purposes.

T. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

U. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

V. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension asset or liability next fiscal year. For more detailed information on this item, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. One is the deferred amount on of property tax revenue. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. The other includes differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on this item, reference the pension note.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Retirement Plan and the additions to/deductions from the City's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

X. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The City implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	<u>Governmental Funds</u>	<u>Business-type Funds</u>
Net position as reported at June 30, 2014	\$ 44,295,990	\$ 31,271,198
Implementation of GASB 68	(26,240,095)	(2,185,788)
Net position as restated at June 30, 2014	<u>\$ 18,055,895</u>	<u>\$ 29,085,410</u>

Y. Upcoming Pronouncements

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

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

Y. Upcoming Pronouncements: (Continued)

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

Y. Upcoming Pronouncements: (Continued)

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Note 2—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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, 2015 all of the City’s investments were held in accordance with this policy.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 2—Deposits and Investments: (Continued)

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, 2015 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

City’s Rated Debt Investment Values

Rated Debt Investments	Fair Quality Ratings				
	AAAm	AAA	AA+	AA-	A-
Primary Government:					
Local Government Investment Pool	\$ 299,525	\$ -	\$ -	\$ -	\$ -
Virginia State Non-Arbitrage Program (SNAP)	15,550,276	-	-	-	-
U.S. Treasury Money Market Funds	910,525	-	-	-	-
U.S. Savings Bonds	-	2,000	-	-	-
Fixed income	-	-	-	-	607,799
U.S. Agency Securities	-	-	697,667	-	-
Total Primary Government investments	<u>\$ 16,760,326</u>	<u>\$ 2,000</u>	<u>\$ 697,667</u>	<u>\$ -</u>	<u>\$ 607,799</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	\$ 299,525	\$ 299,525	\$ -	\$ -	\$ -
Virginia State Non-Arbitrage Program (SNAP)	15,550,276	15,550,276	-	-	-
U.S. Savings Bonds	2,000	-	-	-	2,000
Fixed income	607,799	-	607,799	-	-
U.S. Agency Securities	697,667	-	697,667	-	-
Total Primary Government investments	<u>\$ 17,157,267</u>	<u>\$ 15,849,801</u>	<u>\$ 1,305,466</u>	<u>\$ -</u>	<u>\$ 2,000</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 2—Deposits and Investments: (Continued)

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.

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:

At June 30, 2015 the City has receivables from other governments as follows:

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Business-type</u>
	<u>Funds</u>	<u>Funds</u>
Commonwealth of Virginia:		
Local sales taxes	\$ 628,506	\$ -
Miscellaneous grants	114,615	-
Shared expenses	186,281	-
Public assistance and welfare administration	236,698	-
Comprehensive services	913,755	-
Mass Transit	-	27,616
PPTRA	2,294,331	-
Communications tax	300,978	-
Federal Government:		
Public assistance and welfare administration	334,279	-
Community Development Block Grant	108,974	-
Miscellaneous grants	110,640	-
Mass Transit	-	204,473
Total due from other governments	<u>\$ 5,229,057</u>	<u>\$ 232,089</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

Individual fund and interfund receivable and payable balances related to working capital loans at June 30, 2015 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	\$ 9,148,704	\$ -
Capital projects	279,781	-
Enterprise:		
Public Utility	-	672,676
Mass Transit	-	6,480,355
Golf Course	-	2,025,383
Non-major funds:		
Blandford Cemetery Perpetual Care	-	250,071
Total	\$ 9,428,485	\$ 9,428,485
Reporting Entity:		
Primary Government - General Fund	\$ -	\$ 707,477
Primary Government - Capital Projects Fund	-	3,070,486
School Board	3,777,963	-
Total	\$ 3,777,963	\$ 3,777,963

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, 2015, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Major Funds:		
General	\$ -	\$ 235,078
Nonmajor Funds:		
Federal and State Grants Fund	235,078	-
Total	\$ 235,078	\$ 235,078

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, 2015 (Continued)

Note 5—Inventory:

At June 30, 2015 the City has inventory recorded in the various funds as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Expendable supplies	\$ 60,179	\$ 547,172
Land and building inventory held for resale:		
324 Commercial/residential lots owned in the City	5,260,614	-
8 Commercial buildings owned in Dinwiddie County	32,181	-
Totals	<u>\$ 5,352,974</u>	<u>\$ 547,172</u>

The following is a summary of changes in inventory held for resale for the fiscal year ended June 30, 2015:

	<u>Balance July 1, 2014</u>	<u>Purchases</u>	<u>Sales</u>	<u>Balance June 30, 2015</u>
Land and building inventory held for resale:				
312 Commercial/residential lots owned in the City	\$ 5,807,871	\$ 438	\$ 547,695	\$ 5,260,614
8 Commercial buildings owned in Dinwiddie County	32,181	-	-	32,181
Totals	<u>\$ 5,840,052</u>	<u>\$ 438</u>	<u>\$ 547,695</u>	<u>\$ 5,292,795</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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, 2015:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,046,998	\$ -	\$ -	\$ 6,046,998
Construction in progress - city projects	477,310	572,774	111,668	938,416
Construction in progress - school projects	999,826	499,895	1,200,755	298,966
Total capital assets not being depreciated	<u>\$ 7,524,134</u>	<u>\$ 1,072,669</u>	<u>\$ 1,312,423</u>	<u>\$ 7,284,380</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 74,175,589	\$ 1,111,494	\$ -	\$ 75,287,083
Infrastructure	107,423,187	-	-	107,423,187
Vehicles	11,828,829	698,895	-	12,527,724
Equipment (other than vehicles)	11,664,156	406,635	-	12,070,791
Total capital assets being depreciated	<u>\$ 205,091,761</u>	<u>\$ 2,217,024</u>	<u>\$ -</u>	<u>\$ 207,308,785</u>
Accumulated depreciation:				
Buildings and improvements	\$ 40,757,027	\$ 1,625,732	\$ -	\$ 42,382,759
Infrastructure	94,734,706	446,547	-	95,181,253
Vehicles	9,939,217	529,670	-	10,468,887
Equipment (other than vehicles)	8,795,088	1,040,444	-	9,835,532
Total accumulated depreciation	<u>\$ 154,226,038</u>	<u>\$ 3,642,393</u>	<u>\$ -</u>	<u>\$ 157,868,431</u>
Total capital assets being depreciated, net	<u>\$ 50,865,723</u>	<u>\$ (1,425,369)</u>	<u>\$ -</u>	<u>\$ 49,440,354</u>
Governmental Activities capital assets, net	<u>\$ 58,389,857</u>	<u>\$ (352,700)</u>	<u>\$ 1,312,423</u>	<u>\$ 56,724,734</u>
Reconciliation of primary government net position net investment in capital assets:				
Net capital assets				<u>\$ 56,724,734</u>
Long-term debt applicable to capital assets:				
General obligation bonds			\$ 33,873,564	
School Literary Fund loan			2,600,000	
School Qualified Zone Academy Bonds (SQZAB's)			8,795,695	
Cash deposited in School Qualified Zone Academy Bonds Funds			(4,314,400)	
Premium on bonds payable			789,515	
Note payable			694,935	
Capital lease			<u>1,910,695</u>	44,350,004
Less-debt proceeds received but not expended on capital assets at year end				<u>(8,521,676)</u>
Net long-term debt, as adjusted				<u>\$ 35,828,328</u>
Net investment in capital assets				<u>\$ 20,896,406</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Business-type Activities:				
Public Utility Fund:				
Capital assets, not being depreciated:				
Land	\$ 173,898	\$ -	\$ -	\$ 173,898
Construction in progress	4,256,404	1,002,999	5,259,403	-
Total capital assets not being depreciated	<u>\$ 4,430,302</u>	<u>\$ 1,002,999</u>	<u>\$ 5,259,403</u>	<u>\$ 173,898</u>
Capital assets being depreciated:				
Utility plant in service	\$ 30,072,949	\$ 5,259,403	\$ -	\$ 35,332,352
Water capacity rights	4,420,000	-	-	4,420,000
Vehicles	1,143,953	-	-	1,143,953
Equipment and machinery	1,306,967	54,822	-	1,361,789
Total capital assets being depreciated	<u>\$ 36,943,869</u>	<u>\$ 5,314,225</u>	<u>\$ -</u>	<u>\$ 42,258,094</u>
Accumulated depreciation:				
Utility plant in service	\$ 15,053,294	\$ 888,332	\$ -	\$ 15,941,626
Water capacity rights	1,989,000	110,500	-	2,099,500
Vehicles	1,051,653	34,446	-	1,086,099
Equipment and machinery	1,136,265	48,903	-	1,185,168
Total accumulated depreciation	<u>\$ 19,230,212</u>	<u>\$ 1,082,181</u>	<u>\$ -</u>	<u>\$ 20,312,393</u>
Total capital assets being depreciated, net	<u>\$ 17,713,657</u>	<u>\$ 4,232,044</u>	<u>\$ -</u>	<u>\$ 21,945,701</u>
Public Utility Fund capital assets, net	<u>\$ 22,143,959</u>	<u>\$ 5,235,043</u>	<u>\$ 5,259,403</u>	<u>\$ 22,119,599</u>
Reconciliation of Public Utility Fund net position net investment in capital				
Net capital assets				\$ 22,119,599
Long-term debt applicable to capital assets:				
General obligation bonds			\$ 8,356,540	
Premium on bonds issued			662,461	
Capital lease			5,259,403	14,278,404
Less-debt proceeds received but not expended on capital assets at year end				(7,453,204)
Net long-term debt, as adjusted				<u>\$ 6,825,200</u>
Net investment in capital assets				<u>\$ 15,294,399</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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, 2015:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Business-type Activities:				
Mass Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,143,415	\$ -	\$ -	\$ 1,143,415
Construction in progress	<u>162,713</u>	<u>292,487</u>	<u>-</u>	<u>455,200</u>
Total capital assets not being depreciated	<u>\$ 1,306,128</u>	<u>\$ 292,487</u>	<u>\$ -</u>	<u>\$ 1,598,615</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 24,645,016	\$ 35,632	\$ -	\$ 24,680,648
Vehicles	5,430,160	339,124	-	5,769,284
Equipment and machinery	<u>716,871</u>	<u>132,082</u>	<u>-</u>	<u>848,953</u>
Total capital assets being depreciated	<u>\$ 30,792,047</u>	<u>\$ 506,838</u>	<u>\$ -</u>	<u>\$ 31,298,885</u>
Accumulated depreciation:				
Buildings and improvements	\$ 4,289,940	\$ 687,049	\$ -	\$ 4,976,989
Vehicles	3,306,062	505,503	-	3,811,565
Equipment and machinery	<u>475,496</u>	<u>107,939</u>	<u>-</u>	<u>583,435</u>
Total accumulated depreciation	<u>\$ 8,071,498</u>	<u>\$ 1,300,491</u>	<u>\$ -</u>	<u>\$ 9,371,989</u>
Total capital assets being depreciated, net	<u>\$ 22,720,549</u>	<u>\$ (793,653)</u>	<u>\$ -</u>	<u>\$ 21,926,896</u>
Mass Transit Fund capital assets, net	<u>\$ 24,026,677</u>	<u>\$ (501,166)</u>	<u>\$ -</u>	<u>\$ 23,525,511</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Business-type Activities:				
Golf Course				
Capital assets, not being depreciated:				
Land	\$ 3,383,047	\$ -	\$ -	\$ 3,383,047
Construction in progress	51,050	717,723	-	768,773
Total capital assets not being depreciated	<u>\$ 3,434,097</u>	<u>\$ 717,723</u>	<u>\$ -</u>	<u>\$ 4,151,820</u>
Capital assets being depreciated:				
Land improvements	\$ 1,040,599	\$ -	\$ -	\$ 1,040,599
Buildings and improvements	56,000	-	-	56,000
Total capital assets being depreciated	<u>\$ 1,096,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,096,599</u>
Accumulated depreciation:				
Land improvements	\$ 407,897	\$ 69,106	\$ -	\$ 477,003
Buildings and improvements	5,600	2,800	-	8,400
Total accumulated depreciation	<u>\$ 413,497</u>	<u>\$ 71,906</u>	<u>\$ -</u>	<u>\$ 485,403</u>
Total capital assets being depreciated, net	<u>\$ 683,102</u>	<u>\$ (71,906)</u>	<u>\$ -</u>	<u>\$ 611,196</u>
Golf Course Fund capital assets, net	<u>\$ 4,117,199</u>	<u>\$ 645,817</u>	<u>\$ -</u>	<u>\$ 4,763,016</u>
Reconciliation of Golf Course Fund net position net investment in capital assets:				
Net capital assets				<u>\$ 4,763,016</u>
Long-term debt applicable to capital assets:				
General obligation bonds		\$ 4,293,831		
Capital lease		17,358		4,311,189
Net long-term debt, as adjusted				<u>\$ 4,311,189</u>
Net investment in capital assets				<u>\$ 451,827</u>
Total Business-type Activities capital assets, net	<u>\$ 50,287,835</u>	<u>\$ 5,379,694</u>	<u>\$ 5,259,403</u>	<u>\$ 50,408,126</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	\$ 45,840
Judicial administration	96,681
Public safety	691,863
Public works	2,252,704
Health and welfare	86,502
Education	386,301
Parks, recreation and cultural	69,653
Community development	<u>12,849</u>
Total Governmental activities	\$ <u><u>3,642,393</u></u>
Business-type activities:	
Public Utility Fund	\$ 1,082,181
Mass Transit Fund	1,300,491
Golf Course Fund	<u>71,906</u>
Total Business-type activities	\$ <u><u>2,454,578</u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations:

Primary Government

Governmental Activities

The following is a summary of governmental long-term obligation transactions of the City for the year ended June 30, 2015:

<u>Description</u>	<u>Balance July 1, 2014</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Long-term obligation transactions:					
General obligation bonds	\$ 29,432,511	\$ 5,292,000	\$ 850,947	\$ 33,873,564	\$ 1,197,554
School Literary Fund loan	3,025,000	-	425,000	2,600,000	425,000
School Qualified Zone Academy Bonds	6,795,695	2,000,000	-	8,795,695	1,400,000
Note payable	1,346,407	-	651,472	694,935	694,935
Capital leases	1,883,854	703,067	676,226	1,910,695	611,053
Premium on bonds payable	-	789,515	-	789,515	39,476
Net pension liability	29,832,904	13,173,838	23,030,850	19,975,892	-
Net OPEB obligation	697,000	207,000	204,000	700,000	-
Compensated absences	2,471,281	485,748	614,074	2,342,955	234,296
 Total Governmental Activities long-term obligations	 \$ 75,484,652	 \$ 22,651,168	 \$ 26,452,569	 \$ 71,683,251	 \$ 4,602,314
Short-term obligation transactions:					
Anticipation notes	-	5,000,000	5,000,000	-	-
 Total Governmental Activities obligations	 \$ 75,484,652	 \$ 27,651,168	 \$ 31,452,569	 \$ 71,683,251	 \$ 4,602,314
Reconciliation to Exhibit 1:					
Long-term liabilities due within one year:				\$ 4,602,314	
Long-term liabilities due in more than one year:				<u>67,080,937</u>	
 Total long-term obligations				 <u>\$ 71,683,251</u>	

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Annual requirements to amortize governmental activities obligations outstanding as of June 30, 2015 are as follows:

Year Ending June 30,	General Obligation Bonds		Literary Loans		Note Payable		Qualified Zone Academy Bonds	Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2016	\$ 1,197,554	\$ 1,172,160	\$ 425,000	\$ 52,000	\$ 694,935	\$ 26,398	\$ 1,400,000	\$ 611,053	\$ 32,318
2017	1,964,288	1,135,353	425,000	43,500	-	-	600,000	523,292	22,832
2018	2,037,552	1,088,499	425,000	35,000	-	-	-	497,309	12,358
2019	2,042,791	1,040,052	425,000	26,500	-	-	2,142,167	216,735	4,239
2020	2,115,444	988,270	425,000	18,000	-	-	-	62,306	4,240
2021	2,503,997	925,814	425,000	9,500	-	-	1,536,671	-	-
2022	2,574,051	852,819	50,000	1,000	-	-	-	-	-
2023	2,609,092	776,434	-	-	-	-	1,116,857	-	-
2024	1,646,424	714,583	-	-	-	-	-	-	-
2025	1,691,804	666,504	-	-	-	-	2,000,000	-	-
2026	1,738,386	616,288	-	-	-	-	-	-	-
2027	1,793,060	563,665	-	-	-	-	-	-	-
2028	1,329,321	508,943	-	-	-	-	-	-	-
2029	866,396	457,218	-	-	-	-	-	-	-
2030	903,106	420,936	-	-	-	-	-	-	-
2031	939,701	350,422	-	-	-	-	-	-	-
2032	873,690	276,075	-	-	-	-	-	-	-
2033	910,046	232,979	-	-	-	-	-	-	-
2034	949,150	187,519	-	-	-	-	-	-	-
2035	811,346	145,573	-	-	-	-	-	-	-
2036	437,000	115,763	-	-	-	-	-	-	-
2037	453,250	92,549	-	-	-	-	-	-	-
2038	481,000	68,373	-	-	-	-	-	-	-
2039	500,500	42,801	-	-	-	-	-	-	-
2040	504,613	16,182	-	-	-	-	-	-	-
Total	\$ 33,873,564	\$ 13,455,773	\$ 2,600,000	\$ 185,500	\$ 694,935	\$ 26,398	\$ 8,795,695	\$ 1,910,695	\$ 75,987

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations as of June 30, 2015 are as follows:

<u>Original Amount</u>	<u>Description</u>	<u>Outstanding Amount at June 30, 2015</u>
	General Obligation Bonds:	
\$ 396,000	Series 2010 general obligation bonds due in semi-annual installments of \$13,401 through October 2031, interest at 2.93%	\$ 348,052
2,686,689	Series 2010 general obligation refunding bonds due various semi-annual installments of principal and interest through December 2017, interest at 2.45% (\$2,689,689 of original issue allocated to governmental; \$878,311 allocated to proprietary)	1,115,283
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%	280,000
4,368,000	Series 2012A taxable general obligation refunding bond due in various annual installments of \$15,000 to \$1,179,000 through July 15, 2022, interest at 3.24% (\$2,501,000 of original issue allocated to governmental; \$1,867,000 to business-type)	3,726,060
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)	6,752,662
7,285,000	Qualified School Construction Bonds issued November 13, 2009, due in various annual installments ranging from \$135,000 to \$515,000 through February 15, 2040 interest free as a federal tax credit is provided to bondholders	6,475,000
5,000,000	Series 2013B taxable general obligation and refunding bond due in various annual installments through April 2028, interest at 3.87%	5,000,000
1,530,000	Qualified School Construction Bonds issued December 1, 2011, due in various annual installments ranging from \$52,000 to \$122,700 through December 1, 2030 interest free as a federal tax credit is provided to bondholders	1,478,000
5,440,000	Series 2014 VRA general obligation bonds due in various annual installments through 2035, interest at 3.398144% (\$5,292,000 of original issue allocated to governmental; \$148,000 to business-type)	5,292,000
2,330,000	Series 2013 general obligation bonds due in various annual installments through 2034, interest at various rates (\$2,330,000 of original issue allocated to governmental; \$490,000 to business-type)	2,251,507
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, 2040	1,155,000
	Total general obligation bonds	<u>\$ 33,873,564</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2015
State Literary Fund Loans:		
\$ 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%	\$ 2,250,000
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%	<u>350,000</u>
	Total State Literary Fund Loans	<u>\$ 2,600,000</u>
Qualified Zone Academy Bonds:		
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	\$ 1,400,000
600,000	(2) Series 2002 issued December 27, 2002, due in annual installments of \$34,124 through December 15, 2016	600,000
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	2,142,167
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	1,536,671
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, 2022	1,116,857
2,000,000	(6) Series 2014 issued October 14, 2014, due in various annual installments through December 1, 2024, final payment of \$215,000 due December 1, 2024	<u>2,000,000</u>
	Total Qualified Zone Academy Bonds	<u>\$ 8,795,695</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

<u>Original Amount</u>	<u>Description</u>	<u>Outstanding Amount at June 30, 2015</u>
	Note Payable:	
	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%	\$ 694,935
\$ 5,732,712		\$ 694,935
	Total Note Payable	\$ 694,935
	Other Obligations:	
	Capital leases	1,910,695
	Premium on bonds payable	789,515
	Net pension liability	19,975,892
	Net OPEB obligation	700,000
	Compensated absences	2,342,955
	Total governmental activities obligations	<u>\$ 71,683,251</u>

- (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.
- (6) 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 2.93% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$2,000,000.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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.

Business-type Activities

The following is a summary of proprietary long-term obligation transactions of the City for the year ended June 30, 2015:

	<u>Balance July 1, 2014</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Public Utility Fund:					
General obligation bonds	\$ 1,098,972	\$ 7,380,000	\$ 122,432	\$ 8,356,540	\$ 126,810
Capital lease obligations	4,281,882	1,003,000	25,479	5,259,403	236,376
Premium on bonds issued	-	664,512	2,051	662,461	24,612
Net pension liability	1,325,907	602,660	1,053,584	874,983	-
Compensated absences	64,238	48,541	47,056	65,723	6,572
Total Public Utility fund	\$ 6,770,999	\$ 9,698,713	\$ 1,250,602	\$ 15,219,110	\$ 394,370
Mass Transit Fund:					
Capital lease obligations	\$ 11,178	-	\$ 11,178	-	-
Net pension liability	1,102,767	513,695	898,054	718,408	-
Compensated absences	66,236	18,624	6,316	78,544	7,844
Total Mass Transit fund	\$ 1,180,181	\$ 532,319	\$ 915,548	\$ 796,952	\$ 7,844
Golf Course Fund:					
General obligation bonds	\$ 4,234,088	\$ 148,000	\$ 88,257	\$ 4,293,831	\$ 96,382
Capital lease obligations	28,512	-	11,154	17,358	11,487
Net pension liability	77,614	58,831	102,850	33,595	-
Compensated absences	13,571	15,688	1,414	27,845	2,784
Total Golf Course fund	\$ 4,353,785	\$ 222,519	\$ 203,675	\$ 4,372,629	\$ 110,653
Total Business-type Activities	\$ 12,304,965	\$ 10,453,551	\$ 2,369,825	\$ 20,388,691	\$ 512,867

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Details of long-term obligations transactions as of June 30, 2015:

Original Amount	Description	Outstanding Amount at June 30, 2015
	Public Utility Fund:	
	General Obligation Bonds:	
\$ 7,380,000	Series 2015A general obligation bonds due in various semi-annual installments of principal and interest through April 2041, interest at 3.79%	\$ 7,380,000
878,311	Series 2010 general obligation refunding bonds due in various semi-annual installments of principal and interest through December 2017, interest at 2.45% (\$3,686,689 allocated to governmental; \$878,311 allocated to business-type)	364,599
4,368,000	Series 2012A taxable general obligation refunding bond due in various annual installments of \$15,000 to \$1,179,000 through July 15, 2022, interest at 3.24% (\$2,501,000 of original issue allocated to governmental; \$1,867,000 to business-type)	611,941
	Total general obligation bonds	\$ 8,356,540
	Capital Leases	5,259,403
	Bond premium	662,461
	Net pension liability	874,983
	Compensated absences	65,723
	Total Public Utility Fund	\$ 15,219,110
	Mass Transit Fund:	
	Net pension liability	\$ 718,408
	Compensated absences	78,544
	Total Mass Transit Fund	\$ 796,952
	Golf Course Fund:	
	General Obligation Bonds:	
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)	\$ 3,672,338
5,440,000	Series 2014 VRA general obligation bonds due in various annual installments through 2035, interest at 3.3981% (\$5,292,000 of original issue allocated to governmental; \$148,000 to business-type)	148,000
490,000	Series 2013 general obligation bonds due in various annual installments through 2034, interest at various rates (\$2,330,000 of original issue allocated to governmental; \$490,000 to business-type)	473,493
	Total general obligation bonds	\$ 4,293,831
	Capital Leases	17,358
	Net pension liability	33,595
	Compensated absences	27,845
	Total Golf Course Fund	\$ 4,372,629
	Total business-type activities	\$ 20,388,691

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize business-type activities obligations outstanding as of June 30, 2015 are as follows:

Year Ending June 30,	General Obligation Bonds				Capital Leases			
	Public Utility Fund		Golf Course Fund		Public Utility Fund		Golf Course Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 126,810	\$ 332,549	\$ 96,382	\$ 204,472	\$ 236,376	\$ 211,724	\$ 11,487	\$ 358
2017	289,849	350,542	100,887	199,995	280,287	167,460	5,871	51
2018	289,226	339,351	106,273	195,168	295,809	157,743	-	-
2019	231,426	328,694	110,914	189,989	230,230	147,959	-	-
2020	246,363	318,811	117,305	184,449	253,594	141,292	-	-
2021	350,736	306,806	123,696	178,459	362,780	130,147	-	-
2022	365,814	291,428	130,086	172,193	375,309	117,618	-	-
2023	381,316	275,366	136,477	165,678	388,270	104,657	-	-
2024	225,000	261,397	143,004	158,859	401,679	91,248	-	-
2025	235,000	249,609	150,264	151,735	415,550	77,376	-	-
2026	250,000	237,181	156,791	144,277	429,902	63,025	-	-
2027	265,000	223,984	165,936	136,359	444,748	48,179	-	-
2028	275,000	212,897	174,213	128,038	460,107	32,820	-	-
2029	285,000	201,297	182,490	119,363	473,338	16,949	-	-
2030	300,000	189,063	191,500	110,467	241,424	2,400	-	-
2031	310,000	178,844	200,645	101,265	-	-	-	-
2032	320,000	168,038	208,922	91,557	-	-	-	-
2033	335,000	154,434	219,954	81,385	-	-	-	-
2034	345,000	140,031	230,850	70,641	-	-	-	-
2035	360,000	125,144	203,654	60,278	-	-	-	-
2036	380,000	107,525	203,000	50,415	-	-	-	-
2037	400,000	88,975	211,750	40,150	-	-	-	-
2038	415,000	69,622	224,000	29,367	-	-	-	-
2039	440,000	49,169	234,500	18,018	-	-	-	-
2040	460,000	29,081	270,338	6,106	-	-	-	-
Total	\$ 8,356,540	\$ 5,239,635	\$ 4,293,831	\$ 2,988,686	\$ 5,289,403	\$ 1,510,597	\$ 17,358	\$ 409

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Capital Leases:			
\$331,200 issued December 1, 2010 for the purchase of twelve Ford Crown Vic for Police Interceptors for the Police Department; payable in monthly installments of \$5,973 through December 2015; interest at 3.15%	\$ 29,672	\$ -	\$ 29,672
\$103,578 issued September 11, 2013 for the purchase of three Ford vehicles and four snow plows and other equipment; payable in semi-annual installments of \$10,901 through September, 2018; interest at 1.88%	73,515	-	73,515
\$115,452 issued April 9, 2014 for the purchase of four Ford F350 trucks; payable in semi-annual installments of \$12,115 through October, 2018; interest at 1.77%	81,879	-	81,879
\$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%	84,494	-	84,494
\$485,948 issued July 21, 2014 for the purchase of 2014 Firetruck; payable in semi-annual installments of \$51,252 through July 21, 2019; interest at 1.96%	439,459	-	439,459
\$220,000 issued December 15, 2011 for the purchase of voting machine equipment; vehicle, and club house payable in monthly installments of \$3,948 through December, 2016; interest at 2.95%	40,923	17,358	58,281
\$265,738 issued May 7, 2013, for the purchase of eleven Dodge chargers; payable in semi-annual installments of \$27,750 beginning November 7, 2013 through May 7, 2018; interest at 1.59%	161,961	-	161,961
\$765,009 issued June 28, 2013, for the purchase of six school buses, two GMC Savanas, and six Ford trucks; payable in semi-annual installments of \$80,295 beginning June 28, 2013 through June 28, 2018; interest at 1.78%	467,114	-	467,114

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Capital Leases: (Continued)			
\$5,289,403 issued January 8, 2014 proceeds to be used for installation of water meters for the Public Utility Fund; payable in various monthly installments of through December 2029; interest at 3.10%. At June 30, 2015 \$5,259,403 has been received of this obligation.	\$ -	\$ 5,259,403	\$ 5,259,403
\$339,218 issued August 7, 2013 for the purchase of fourteen police vehicles, and two vans for public works ; payable in semi-annual installments of \$35,585 through August 2018; interest at 1.76%	240,555	-	240,555
\$177,016 issued December 16, 2014 for the purchase of six vehicles; payable in semi-annual installments of \$18,670 through December 16, 2019; interest at 2.00%	160,097	-	160,097
\$41,303 issued December 30, 2014 for the purchase of a 2015 Ford truck; payable in semi-annual installments of \$4,243 through December 30, 2019; interest at 2.08%	36,275	-	36,275
\$133,662 issued November 15, 2013 for the purchase of two Ford F550 trucks and one Ford Sedan; payable in semi-annual installments of \$14,003 through November 2018; interest at 1.71%	94,751	-	94,751
Total capital leases	<u>\$ 1,910,695</u>	<u>\$ 5,276,761</u>	<u>\$ 7,187,456</u>
Total equipment cost of assets acquired through capital lease	\$ 5,906,792	\$ 6,310,244	\$ 12,217,036
Total accumulated depreciation on assets acquired through capital lease	<u>(3,760,604)</u>	<u>(990,728)</u>	<u>(4,751,332)</u>
Net remaining book value	<u>\$ 2,146,188</u>	<u>\$ 5,319,516</u>	<u>\$ 7,465,704</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	<u>Date Issued</u>	<u>Balance July 1, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2015</u>
Tax revenue anticipation note	8/28/2014	\$ -	\$ 5,000,000	\$ 5,000,000	\$ -
		\$ -	\$ 5,000,000	\$ 5,000,000	\$ -

General fund will be used to pay its governmental compensated absences as well as any net pension obligation and other postemployment benefits.

Business-type Activities

The general obligation bonds payable totaling \$8,356,540 in the Public Utility Fund are secured by the full faith and credit of the City are expected to be paid from water utility fund service revenues and general obligation bonds payable totaling \$4,293,831 are expected to be paid from the operating revenues of the Golf Course.

Note 8—Unearned/Deferred/Unavailable Revenue:

The following is a summary of unearned/deferred/unavailable revenue for the year ended June 30, 2015:

<u>Description</u>	<u>Governmental Funds</u>			
	<u>Unavailable General Fund</u>	<u>Unearned Federal and State Projects Fund</u>	<u>Total Governmental Funds</u>	<u>Governmental Activities</u>
VA Center of Policing Innovation Grant	\$ -	\$ 291,000	\$ 291,000	\$ -
CIT Assessment	-	189,791	189,791	-
Other grants	-	187,629	187,629	-
Proposal review fees	15,000	-	15,000	15,000
Prepaid property taxes	8,185	-	8,185	8,185
Local delinquent real and personal property taxes	7,573,247	-	7,573,247	-
	<u>\$ 7,596,432</u>	<u>\$ 668,420</u>	<u>\$ 8,264,852</u>	<u>\$ 23,185</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 9—Commitments 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.

Note 11—Litigation:

At June 30, 2015, 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—Pension Plan:

Plan Description

All full-time, salaried permanent employees of the City are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan:

Plan Description: (Continued)

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<ul style="list-style-type: none"> In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> Political subdivision employees* Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	617
Inactive members:	
Vested inactive members	149
Non-vested inactive members	198
Inactive members active elsewhere in VRS	<u>492</u>
Total inactive members	839
Active members	674
Total covered employees	<u><u>2,130</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The City's contractually required contribution rate for the year ended June 30, 2015 was 15.25% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$4,065,368 and \$3,913,309 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

- All Others (Non 10 Largest) - Non-LEOS:
- Update mortality table
 - Decrease in rates of service retirement
 - Decrease in rates of disability retirement
 - Reduce rates of salary increase by 0.25% per year

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the City’s Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 159,557,032	\$ 127,217,840	\$ 32,339,192
Changes for the year:			
Service cost	\$ 3,390,570	\$ -	\$ 3,390,570
Interest	10,849,513	-	10,849,513
Differences between expected and actual experience	-	-	-
Contributions - employer	-	3,913,309	(3,913,309)
Contributions - employee	-	1,353,263	(1,353,263)
Net investment income	-	19,817,721	(19,817,721)
Benefit payments, including refunds of employee contributions	(9,127,979)	(9,127,979)	-
Administrative expenses	-	(108,941)	108,941
Other changes	-	1,045	(1,045)
Net changes	\$ 5,112,104	\$ 15,848,418	\$ (10,736,314)
Balances at June 30, 2014	\$ 164,669,136	\$ 143,066,258	\$ 21,602,878

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension asset of the City using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>Rate</u>		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Authority			
Net Pension Liability	41,767,809	21,602,878	4,763,123

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$2,018,113. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	8,841,118
Employer contributions subsequent to the measurement date	<u>4,065,368</u>	<u>-</u>
Total	<u>\$ 4,065,368</u>	<u>\$ 8,841,118</u>

\$4,065,368 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a component of the Net Pension Asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (2,210,280)
2017	(2,210,280)
2018	(2,210,280)
2019	(2,210,278)
Thereafter	-

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 13—Landfill Closure and Postclosure Care Costs:

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 was sold to an independent contractor. In addition the City and independent contractor entered into a Financial Assurance and Indemnity Agreement dated April 2011. The contractor, upon taking possession of the Landfill, has obtained a Permit from DEQ to operate the facility and pursuant to the agreement assumed 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 as of January 1, 2014. As a result of these courses of actions the City's liability for closure and post-closure care was removed from the City's long-term obligations.

Note 14—Expenditures and Appropriations:

Expenditures exceeded appropriations at June 30, 2015 as follows:

<u>Function</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Amount</u>
General government administration	\$ 6,869,462	\$ 7,245,647	\$ 376,185
Judicial administration	2,223,534	2,297,236	73,702
Public safety	24,887,998	26,047,620	1,159,622
Health and welfare	12,306,646	13,638,987	1,332,341
Parks, recreation, and cultural	2,054,442	2,364,504	310,062

Note 15—Other Postemployment Benefits—Health Insurance:

A. Plan Description

The City Post-Retirement Medical Plan is a multiple-employer defined benefit healthcare plan which offers health insurance for retired employees. The plan is administered by the City. 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.

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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

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 June 30, 2015. The actuarial valuation estimated the Unfunded Actuarial Accrued Liability (“UAAL”) at \$3,008,000 and an Annual Required Contribution (“ARC”) of \$207,000. The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The City paid \$204,000 towards the estimated pay as you go cost for OPEB benefits in fiscal year 2015. 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, 2015, 2014 and 2013 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 207,000	99%	\$ 700,000
June 30, 2014	189,000	99%	697,000
June 30, 2013	236,000	51%	695,000

For 2015, the City’s cash payments of \$204,000 was less than the annual OPEB 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 2015 is as follows:

	<u>City</u>
Annual required contribution	\$ 207,000
Interest on net OPEB obligation	28,000
Adjustment to annual required contribution	(28,000)
Annual OPEB cost (expense)	\$ 207,000
Contributions made	204,000
Increase (decrease) in net OPEB obligation	\$ 3,000
Net OPEB obligation - beginning of year	697,000
Net OPEB obligation - end of year	\$ 700,000

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015 is as follows:

Actuarial accrued liability (AAL)	\$	3,008,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability		3,008,000
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		24,219,000
UAAL as a percentage of covered payroll		12.42%

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.

E. 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, 2015 (most recent) actuarial valuation report, the entry age actuarial cost method was used. The actuarial assumptions included a 8.50 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 percent 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, 2015 was thirty years.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

E. Actuarial Methods and Assumptions

Interest Assumptions

	<u>Funded</u>
Discount rate	4.0%
Payroll growth	N/A
Inflation rate	2.5%
Health cost trend rate	8.5%

Note 16—City of Petersburg and Petersburg Library Foundation Lease Financing Arrangement:

The City of Petersburg and the Petersburg Library Foundation have entered into a sublease financing arrangement dated April 11, 2013. The City will be making lease payments to the Petersburg Library Foundation in the amounts of \$147,000 beginning in FY 2013 through FY 2018, \$134,000 in FY 2019, and \$640,000 in FY 2020 through FY2032. These payments are subject to annual appropriation by the City.

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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Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- General Fund
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 36,110,910	\$ 36,110,910	\$ 32,558,767	\$ (3,552,143)
Other local taxes	13,916,090	13,916,090	12,079,523	(1,836,567)
Permits, privilege fees and regulatory licenses	759,794	759,794	662,719	(97,075)
Fines and forfeitures	797,640	797,640	765,358	(32,282)
Revenue from use of money and property	267,449	267,449	155,444	(112,005)
Charges for services	2,585,108	2,598,720	2,488,851	(109,869)
Miscellaneous	571,755	1,571,755	968,000	(603,755)
Recovered costs	950,316	950,316	282,203	(668,113)
Intergovernmental:				
Commonwealth	20,125,608	20,125,608	22,118,998	1,993,390
Federal	4,327,347	4,327,347	4,899,084	571,737
Total revenues	<u>\$ 80,412,017</u>	<u>\$ 81,425,629</u>	<u>\$ 76,978,947</u>	<u>\$ (4,446,682)</u>
Expenditures:				
Current:				
General government administration	\$ 6,854,790	\$ 6,869,462	\$ 7,245,647	\$ (376,185)
Judicial administration	2,223,534	2,223,534	2,297,236	(73,702)
Public safety	24,887,998	24,887,998	26,047,620	(1,159,622)
Public works	10,253,966	10,252,706	9,734,462	518,244
Health and welfare	12,306,646	12,306,646	13,638,987	(1,332,341)
Education	11,662,512	11,662,512	11,662,512	-
Parks, recreation, and cultural	2,054,442	2,054,442	2,364,504	(310,062)
Community development	3,932,002	4,954,505	4,828,998	125,507
Debt service:				
Principal retirement	3,262,113	3,262,113	2,551,645	710,468
Interest and other fiscal charges	1,177,123	1,177,123	1,290,348	(113,225)
Nondepartmental	1,417,625	1,402,825	1,274,446	128,379
Total expenditures	<u>\$ 80,032,751</u>	<u>\$ 81,053,866</u>	<u>\$ 82,936,405</u>	<u>\$ (1,882,539)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 379,266</u>	<u>\$ 371,763</u>	<u>\$ (5,957,458)</u>	<u>\$ (6,329,221)</u>
Other financing sources (uses):				
Transfers in	\$ 87,567	\$ 87,567	\$ -	\$ (87,567)
Transfers (out)	(586,972)	(646,016)	(235,078)	410,938
Issuance of capital leases	-	-	703,067	703,067
Total other financing sources (uses)	<u>\$ (499,405)</u>	<u>\$ (558,449)</u>	<u>\$ 467,989</u>	<u>\$ 1,026,438</u>
Changes in fund balance	\$ (120,139)	\$ (186,686)	\$ (5,489,469)	\$ (5,302,783)
Fund balances at beginning of year	120,139	186,686	19,294,395	19,107,709
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,804,926</u>	<u>\$ 13,804,926</u>

Schedule of Components of and Changes in Net Pension Liability and Related Ratios

Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 3,390,570
Interest	10,849,513
Benefit payments, including refunds of employee contributions	<u>(9,127,979)</u>
Net change in total pension liability	\$ 5,112,104
Total pension liability - beginning	159,557,032
Total pension liability - ending (a)	<u>\$ 164,669,136</u>
 Plan fiduciary net position	
Contributions - employer	\$ 3,913,309
Contributions - employee	1,353,263
Net investment income	19,817,721
Benefit payments, including refunds of employee contributions	(9,127,979)
Administrative expense	(108,941)
Other	1,045
Net change in plan fiduciary net position	\$ 15,848,418
Plan fiduciary net position - beginning	127,217,840
Plan fiduciary net position - ending (b)	<u>\$ 143,066,258</u>
 Political subdivision's net pension liability - ending (a) - (b)	\$ 21,602,878
Plan fiduciary net position as a percentage of the total pension liability	86.88%
Covered-employee payroll	\$ 26,328,270
Political subdivision's net pension liability as a percentage of covered-employee payroll	82.05%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2015	\$ 4,065,367	\$ 4,065,367	-	\$ 26,986,626	15.25%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Schedule of OPEB Funding Progress

Last Three Fiscal Years

Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (c) (b) - (a)	Funded Ratio (d) (a) / (b)	Covered Payroll (e)	UAAL as % of Payroll (f) (c) / (e)
6/30/2015	\$ -	\$ 3,008,000	\$ 3,008,000	0.00%	\$ 24,219,000	12.42%
6/30/2014	-	2,400,000	2,400,000	0.00%	25,667,000	9.35%
6/30/2013	-	2,400,000	2,400,000	0.00%	25,667,000	9.35%

Notes to Required Supplementary Information
Year Ended June 30, 2015

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds
Combining Balance Sheet
At June 30, 2015

	Special Revenue Funds		Permanent Funds			Total
	Federal and State Projects Fund	Community Development Act Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	
ASSETS						
Cash and cash equivalents	\$ 1,586,073	\$ 476,320	\$ 250,071	\$ -	\$ -	\$ 2,312,464
Restricted cash	-	-	1,840,730	8,534	2,000	1,851,264
Receivables (Net of allowance for uncollectibles) Accounts	243,607	-	-	-	-	243,607
Due from other governments	30,132	108,974	-	-	-	139,106
Total assets	\$ 1,859,812	\$ 585,294	\$ 2,090,801	\$ 8,534	\$ 2,000	\$ 4,546,441
LIABILITIES						
Accounts payable	\$ 525,060	\$ 9,036	\$ -	\$ -	\$ -	\$ 534,096
Accrued salaries payable	82,055	-	-	-	-	82,055
Unearned revenue	668,420	-	-	-	-	668,420
Due to other funds	-	-	250,071	-	-	250,071
Total liabilities	\$ 1,275,535	\$ 9,036	\$ 250,071	\$ -	\$ -	\$ 1,534,642
FUND BALANCES						
Nonspendable:						
Cemetery Perpetual care	\$ -	\$ -	\$ 1,840,730	\$ -	\$ -	\$ 1,840,730
McKenney scholarships	-	-	-	8,534	-	8,534
Library	-	-	-	-	2,000	2,000
Restricted:						
Grants	584,277	576,258	-	-	-	1,160,535
Total fund balances	\$ 584,277	\$ 576,258	\$ 1,840,730	\$ 8,534	\$ 2,000	\$ 3,011,799
Total liabilities and fund balances	\$ 1,859,812	\$ 585,294	\$ 2,090,801	\$ 8,534	\$ 2,000	\$ 4,546,441

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2015

	Special Revenue Funds		Permanent Funds			Total
	Federal and State Projects Fund	Community Development Act Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	
Revenues:						
Permits, privilege fees and regulatory licenses	\$ 23,832	\$ -	\$ -	\$ -	\$ -	\$ 23,832
Revenue from use of money and property	52,030	-	14,994	3	-	67,027
Charges for services	1,288,351	-	8,400	-	-	1,296,751
Miscellaneous	74,495	-	-	-	-	74,495
Recovered costs	30,199	-	-	-	-	30,199
Intergovernmental:						
Commonwealth	1,429,400	-	-	-	-	1,429,400
Federal	394,415	444,873	-	-	-	839,288
Total revenues	\$ 3,292,722	\$ 444,873	\$ 23,394	\$ 3	\$ -	\$ 3,760,992
Expenditures:						
Judicial administration	\$ 24,178	\$ -	\$ -	\$ -	\$ -	\$ 24,178
Public safety	1,454,675	-	-	-	-	1,454,675
Public works	1,238,377	-	-	-	-	1,238,377
Health and welfare	41,842	-	-	-	-	41,842
Parks, recreation and cultural	36,944	-	-	-	-	36,944
Community development	889,159	444,873	-	10,486	-	1,344,518
Total expenditures	\$ 3,685,175	\$ 444,873	\$ -	\$ 10,486	\$ -	\$ 4,140,534
Excess (deficiency) of revenues over (under) expenditures	\$ (392,453)	\$ -	\$ 23,394	\$ (10,483)	\$ -	\$ (379,542)
Other financing sources (uses):						
Transfers in	235,078	-	-	-	-	235,078
Changes in fund balances	\$ (157,375)	\$ -	\$ 23,394	\$ (10,483)	\$ -	\$ (144,464)
Fund balances at beginning of year	741,652	576,258	1,817,336	19,017	2,000	3,156,263
Fund balances at end of year	\$ 584,277	\$ 576,258	\$ 1,840,730	\$ 8,534	\$ 2,000	\$ 3,011,799

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, 2015

	<u>Federal and State Projects Fund</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance From</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Permits, privilege fees and regulatory licenses	\$ -	\$ 10,000	\$ 23,832	\$ 13,832
Revenue from use of money and property	-	71,100	52,030	(19,070)
Charges for services	-	-	1,288,351	1,288,351
Miscellaneous	-	797,023	74,495	(722,528)
Recovered costs	-	41,257	30,199	(11,058)
Intergovernmental:				
Commonwealth	-	1,568,450	1,429,400	(139,050)
Federal	-	3,891,852	394,415	(3,497,437)
Total revenues	\$ -	\$ 6,379,682	\$ 3,292,722	\$ (3,086,960)
Expenditures:				
Current:				
Judicial administration	\$ -	\$ 148,238	\$ 24,178	\$ 124,060
Public safety	-	2,349,676	1,454,675	895,001
Public works	-	1,836,906	1,238,377	598,529
Health and welfare	-	67,329	41,842	25,487
Parks, recreation and cultural	-	68,865	36,944	31,921
Community development	-	1,988,063	889,159	1,098,904
Total expenditures	\$ -	\$ 6,459,077	\$ 3,685,175	\$ 2,773,902
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (79,395)	\$ (392,453)	\$ (313,058)
Other financing sources (uses):				
Transfers in	\$ -	\$ 109,000	\$ 235,078	\$ 126,078
Transfers (out)	-	-	-	-
Total other financing sources (uses)	\$ -	\$ 109,000	\$ 235,078	\$ 126,078
Changes in fund balances	\$ -	\$ 29,605	\$ (157,375)	\$ (186,980)
Fund balance at beginning of the year	-	(29,605)	741,652	771,257
Fund balance at end of the year	\$ -	\$ -	\$ 584,277	\$ 584,277

Community Development Act Fund

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
636,640	1,175,384	444,873	(730,511)
<u>\$ 636,640</u>	<u>\$ 1,175,384</u>	<u>\$ 444,873</u>	<u>\$ (730,511)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
636,640	1,175,384	444,873	730,511
<u>\$ 636,640</u>	<u>\$ 1,175,384</u>	<u>\$ 444,873</u>	<u>\$ 730,511</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	-	576,259	576,259
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 576,259</u>	<u>\$ 576,259</u>

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Combining Statement of Fiduciary Net Position - Agency Funds
At June 30, 2015

	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Drug Seizure</u>	<u>Industrial Development Authority</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 54,106	\$ 63,269	\$ 35,105	\$ 69,604	\$ 222,084
Land held for resale	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>2,500,000</u>
Total assets	<u>\$ 54,106</u>	<u>\$ 63,269</u>	<u>\$ 35,105</u>	<u>\$ 2,569,604</u>	<u>\$ 2,722,084</u>
LIABILITIES					
Amounts held for others	\$ 54,106	\$ 63,269	\$ 35,105	\$ 69,604	\$ 222,084
Note payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>2,500,000</u>
Total liabilities	<u>\$ 54,106</u>	<u>\$ 63,269</u>	<u>\$ 35,105</u>	<u>\$ 2,569,604</u>	<u>\$ 2,722,084</u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 62,032	\$ 28,763	\$ 36,689	\$ 54,106
Total assets	<u>\$ 62,032</u>	<u>\$ 28,763</u>	<u>\$ 36,689</u>	<u>\$ 54,106</u>
Liabilities:				
Amounts held for others	\$ 62,032	\$ 28,763	\$ 36,689	\$ 54,106
Total liabilities	<u>\$ 62,032</u>	<u>\$ 28,763</u>	<u>\$ 36,689</u>	<u>\$ 54,106</u>
Jail Inmate Fund:				
Assets:				
Cash and cash equivalents	\$ 173,004	\$ 542,715	\$ 652,450	\$ 63,269
Total assets	<u>\$ 173,004</u>	<u>\$ 542,715</u>	<u>\$ 652,450</u>	<u>\$ 63,269</u>
Liabilities:				
Amounts held for others	\$ 173,004	\$ 542,715	\$ 652,450	\$ 63,269
Total liabilities	<u>\$ 173,004</u>	<u>\$ 542,715</u>	<u>\$ 652,450</u>	<u>\$ 63,269</u>
Industrial Development Authority:				
Assets:				
Cash and cash equivalents	\$ 25,985	\$ 1,050,469	\$ 1,006,850	\$ 69,604
Land held for resale	2,500,000	-	-	2,500,000
Total assets	<u>\$ 2,525,985</u>	<u>\$ 1,050,469</u>	<u>\$ 1,006,850</u>	<u>\$ 2,569,604</u>
Liabilities:				
Amounts held for others	\$ 25,985	\$ 1,050,469	\$ 1,006,850	\$ 69,604
Note payable	2,500,000	-	-	2,500,000
Total liabilities	<u>\$ 2,525,985</u>	<u>\$ 1,050,469</u>	<u>\$ 1,006,850</u>	<u>\$ 2,569,604</u>
Drug Seizure Fund:				
Assets:				
Cash and cash equivalents	\$ 355,061	\$ 38,829	\$ 358,785	\$ 35,105
Total assets	<u>\$ 355,061</u>	<u>\$ 38,829</u>	<u>\$ 358,785</u>	<u>\$ 35,105</u>
Liabilities:				
Amounts held for others	\$ 355,061	\$ 38,829	\$ 358,785	\$ 35,105
Total liabilities	<u>\$ 355,061</u>	<u>\$ 38,829</u>	<u>\$ 358,785</u>	<u>\$ 35,105</u>
Total -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 616,082	\$ 1,660,776	\$ 2,054,774	\$ 222,084
Land held for resale	2,500,000	-	-	2,500,000
Total assets	<u>\$ 3,116,082</u>	<u>\$ 1,660,776</u>	<u>\$ 2,054,774</u>	<u>\$ 2,722,084</u>
Liabilities:				
Amounts held for others	\$ 616,082	\$ 1,660,776	\$ 2,054,774	\$ 222,084
Note payable	2,500,000	-	-	2,500,000
Total liabilities	<u>\$ 3,116,082</u>	<u>\$ 1,660,776</u>	<u>\$ 2,054,774</u>	<u>\$ 2,722,084</u>

Supporting Schedules

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Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 26,021,773	\$ 26,021,773	\$ 23,430,433	\$ (2,591,340)
Real and personal public service corporation property taxes	1,457,137	1,457,137	1,722,866	265,729
Personal property taxes	3,604,000	3,604,000	4,103,977	499,977
Mobile home taxes	15,500	15,500	14,769	(731)
Machinery and tools taxes	4,256,500	4,256,500	2,437,433	(1,819,067)
Penalties	756,000	756,000	439,648	(316,352)
Interest	-	-	409,641	409,641
Total general property taxes	<u>\$ 36,110,910</u>	<u>\$ 36,110,910</u>	<u>\$ 32,558,767</u>	<u>\$ (3,552,143)</u>
Other local taxes:				
Local sales and use taxes	\$ 3,747,000	\$ 3,747,000	\$ 3,715,835	\$ (31,165)
Consumer utility taxes	3,550,000	3,550,000	1,715,224	(1,834,776)
Business license taxes	2,869,932	2,869,932	2,797,490	(72,442)
Bank stock taxes	169,058	169,058	174,743	5,685
Motor vehicle licenses	500,000	500,000	420,192	(79,808)
Taxes on recordation and wills	206,900	206,900	230,894	23,994
Cigarette taxes	216,000	216,000	190,558	(25,442)
Admission and amusement taxes	7,200	7,200	6,272	(928)
Lodging taxes	275,000	275,000	256,522	(18,478)
Meals taxes	2,375,000	2,375,000	2,571,793	196,793
Total other local taxes	<u>\$ 13,916,090</u>	<u>\$ 13,916,090</u>	<u>\$ 12,079,523</u>	<u>\$ (1,836,567)</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 6,006	\$ 6,006	\$ 6,420	\$ 414
Other permits and licenses	<u>753,788</u>	<u>753,788</u>	<u>656,299</u>	<u>(97,489)</u>
Total permits, privilege fees and regulatory licenses	<u>\$ 759,794</u>	<u>\$ 759,794</u>	<u>\$ 662,719</u>	<u>\$ (97,075)</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 610,000	\$ 610,000	\$ 406,441	\$ (203,559)
Other fines and forfeitures	<u>187,640</u>	<u>187,640</u>	<u>358,917</u>	<u>171,277</u>
Total fines and forfeitures	<u>\$ 797,640</u>	<u>\$ 797,640</u>	<u>\$ 765,358</u>	<u>\$ (32,282)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ (24,127)	\$ (24,127)
Revenue from use of property	<u>267,449</u>	<u>267,449</u>	<u>179,571</u>	<u>(87,878)</u>
Total revenue from use of money and property	<u>\$ 267,449</u>	<u>\$ 267,449</u>	<u>\$ 155,444</u>	<u>\$ (112,005)</u>

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
EMS transportation fees	\$ 75,000	\$ 75,000	\$ 234,292	\$ 159,292
Court costs	163,062	163,062	150,691	(12,371)
Commonwealth attorney fees	4,616	4,616	5,481	865
Sheriff fees	71,592	71,592	95,681	24,089
Fire protection services	1,250	1,250	490	(760)
Other protection	2,084	2,084	4,138	2,054
Sanitation and waste removal	2,111,000	2,111,000	1,714,811	(396,189)
Sports complex fees	30,000	30,000	8,665	(21,335)
Recreation fees	22,100	22,100	75,371	53,271
Tourism charges	48,534	48,534	21,050	(27,484)
Treasurer's fees	-	-	50,995	50,995
Other services rendered	33,870	47,482	87,515	40,033
Library fees	22,000	22,000	39,671	17,671
Total charges for services	<u>\$ 2,585,108</u>	<u>\$ 2,598,720</u>	<u>\$ 2,488,851</u>	<u>\$ (109,869)</u>
Miscellaneous revenue:				
Payment in lieu of tax	\$ 155,000	\$ 155,000	\$ 27,167	\$ (127,833)
Other miscellaneous revenue	416,755	1,416,755	940,833	(475,922)
Total miscellaneous revenue	<u>\$ 571,755</u>	<u>\$ 1,571,755</u>	<u>\$ 968,000</u>	<u>\$ (603,755)</u>
Recovered costs:				
Recoveries and rebates	\$ 5,500	\$ 5,500	\$ 155,874	\$ 150,374
Gasoline and other items	944,816	944,816	126,329	(818,487)
Total recovered costs	<u>\$ 950,316</u>	<u>\$ 950,316</u>	<u>\$ 282,203</u>	<u>\$ (668,113)</u>
Total revenue from local sources	<u>\$ 55,959,062</u>	<u>\$ 56,972,674</u>	<u>\$ 49,960,865</u>	<u>\$ (7,011,809)</u>
Intergovernmental:				
Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ -	\$ -	\$ 900	\$ 900
Tax on deeds	-	-	71,068	71,068
Rolling stock tax	84,960	84,960	82,078	(2,882)
Auto rental tax	118,105	118,105	114,656	(3,449)
Communications tax	-	-	1,833,573	1,833,573
PPTRA	2,726,040	2,726,040	2,726,040	-
Total noncategorical aid	<u>\$ 2,929,105</u>	<u>\$ 2,929,105</u>	<u>\$ 4,828,315</u>	<u>\$ 1,899,210</u>

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 634,000	\$ 634,000	\$ 718,918	\$ 84,918
Sheriff	2,950,000	2,950,000	2,790,945	(159,055)
Commissioner of the Revenue	137,506	137,506	144,317	6,811
Treasurer	105,386	105,386	110,520	5,134
Registrar/electoral board	50,503	50,503	44,202	(6,301)
Clerk of the Circuit Court	340,372	340,372	333,046	(7,326)
Total shared expenses	<u>\$ 4,217,767</u>	<u>\$ 4,217,767</u>	<u>\$ 4,141,948</u>	<u>\$ (75,819)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 3,162,417	\$ 3,162,417	\$ 3,004,688	\$ (157,729)
Comprehensive services act grant	1,681,267	1,681,267	1,910,672	229,405
Law enforcement	2,022,234	2,022,234	2,022,317	83
Street and highway maintenance	5,148,280	5,148,280	5,289,868	141,588
Library	145,774	145,774	145,622	(152)
Adult confinement	400,000	400,000	380,606	(19,394)
E911 wireless program	416,364	416,364	360,667	(55,697)
Other state funds	2,400	2,400	34,295	31,895
Total other categorical aid	<u>\$ 12,978,736</u>	<u>\$ 12,978,736</u>	<u>\$ 13,148,735</u>	<u>\$ 169,999</u>
Total categorical aid	<u>\$ 17,196,503</u>	<u>\$ 17,196,503</u>	<u>\$ 17,290,683</u>	<u>\$ 94,180</u>
Total Commonwealth	<u>\$ 20,125,608</u>	<u>\$ 20,125,608</u>	<u>\$ 22,118,998</u>	<u>\$ 1,993,390</u>
Federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 4,301,580	\$ 4,301,580	\$ 4,788,834	\$ 487,254
Other federal grants	25,767	25,767	110,250	84,483
Total federal government	<u>\$ 4,327,347</u>	<u>\$ 4,327,347</u>	<u>\$ 4,899,084</u>	<u>\$ 571,737</u>
Total General Fund	<u><u>\$ 80,412,017</u></u>	<u><u>\$ 81,425,629</u></u>	<u><u>\$ 76,978,947</u></u>	<u><u>\$ (4,446,682)</u></u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 8,981	\$ 8,981
Miscellaneous revenue:				
Sale of real estate	-	-	62,062	62,062
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,043</u>	<u>\$ 71,043</u>

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Fund: (Continued)				
Intergovernmental:				
Revenue from Commonwealth: (Continued)				
Categorical aid:				
Department of Transportation	\$ -	\$ -	\$ 579	\$ 579
Federal government:				
Categorical aid:				
Federal urban highway funds	-	-	2,575	2,575
Total Capital Projects Fund	\$ -	\$ -	\$ 74,197	\$ 74,197
Special Revenue Funds:				
Federal and State Projects Fund:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
Other permits and licenses	\$ -	\$ 10,000	\$ 23,832	\$ 13,832
Revenue from use of money and property:				
Revenue from use of property	-	71,100	52,030	(19,070)
Charges for services:				
Stormwater charges	-	-	1,288,351	1,288,351
Miscellaneous revenue:				
Miscellaneous	-	797,023	74,495	(722,528)
Recovered costs:				
Rebates and recoveries	-	41,257	30,199	(11,058)
Total revenue from local sources	\$ -	\$ 919,380	\$ 1,468,907	\$ 549,527
Commonwealth:				
Other categorical aid:				
Criminal justice corrections grants	\$ -	\$ 239,332	\$ 225,894	\$ (13,438)
Victim witness grants	-	201,434	201,434	-
VJCCCA grant	-	202,093	84,000	(118,093)
Fire funds	-	86,000	102,711	16,711
Asset forfeiture - police	-	270,000	159,921	(110,079)
Sheriff courthouse security	-	423,000	132,000	(291,000)
Other state revenue	-	146,591	523,440	376,849
Total Commonwealth	\$ -	\$ 1,568,450	\$ 1,429,400	\$ (139,050)
Intergovernmental:				
Federal government:				
Categorical aid:				
POWER program	\$ -	\$ 91,561	\$ 61,318	\$ (30,243)
Other federal grants	-	3,800,291	333,097	(3,467,194)
Total Federal Government	\$ -	\$ 3,891,852	\$ 394,415	\$ (3,497,437)
Total Federal and State Projects Fund	\$ -	\$ 6,379,682	\$ 3,292,722	\$ (3,086,960)

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Community Development Act Fund:				
Intergovernmental:				
Federal government:				
Categorical aid:				
Community development block grant	\$ 636,640	\$ 1,175,384	\$ 444,873	\$ (730,511)
Total Federal Government	\$ 636,640	\$ 1,175,384	\$ 444,873	\$ (730,511)
Total Community Development Act Fund	<u>\$ 636,640</u>	<u>\$ 1,175,384</u>	<u>\$ 444,873</u>	<u>\$ (730,511)</u>
Blandford Cemetery Perpetual Care Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 14,994	\$ 14,994
Total revenue from use of money and property	\$ -	\$ -	\$ 14,994	\$ 14,994
Charges for services:				
Sale of lots	\$ -	\$ -	\$ 8,400	\$ 8,400
Total charges for services	\$ -	\$ -	\$ 8,400	\$ 8,400
Total Blandford Cemetery Perpetual Care Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,394</u>	<u>\$ 23,394</u>
Clara J. McKenney Memorial Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 3	\$ 3
Total revenue from use of money and property	\$ -	\$ -	\$ 3	\$ 3
Total Clara J. McKenney Memorial Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>
Total Nonmajor Funds	<u>\$ 636,640</u>	<u>\$ 7,555,066</u>	<u>\$ 3,760,992</u>	<u>\$ (3,794,074)</u>
Total Primary Government Revenues	<u>\$ 81,048,657</u>	<u>\$ 88,980,695</u>	<u>\$ 80,814,136</u>	<u>\$ (8,166,559)</u>

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2015

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
City Council	\$ 230,996	\$ 230,996	\$ 277,591	\$ (46,595)
General and financial administration:				
City Manager	\$ 481,531	\$ 481,531	\$ 569,631	\$ (88,100)
Hispanic liason	110,119	110,119	111,814	(1,695)
Legal services	287,471	287,471	429,053	(141,582)
Personnel	312,520	312,520	322,121	(9,601)
Commissioner of the Revenue	347,540	347,540	349,603	(2,063)
Assessor	358,239	358,239	438,101	(79,862)
Treasurer	484,092	484,092	517,585	(33,493)
Finance Director	699,701	699,701	669,345	30,356
Purchasing and general services	256,055	269,667	350,023	(80,356)
Information systems	1,175,115	1,176,375	1,103,880	72,495
Central garage - motor vehicle repair	1,639,088	1,639,088	1,640,501	(1,413)
Insurance - financial	122,776	122,576	120,778	1,798
Virginia Municipal League	12,280	12,280	-	12,280
National League of Cities	3,388	3,388	-	3,388
Virginia Institute of Government	1,500	1,500	1,500	-
Total general and financial administration	<u>\$ 6,291,415</u>	<u>\$ 6,306,087</u>	<u>\$ 6,623,935</u>	<u>\$ (317,848)</u>
Board of Elections:				
Registrar	\$ 332,379	\$ 332,379	\$ 344,121	\$ (11,742)
Total board of elections	<u>\$ 332,379</u>	<u>\$ 332,379</u>	<u>\$ 344,121</u>	<u>\$ (11,742)</u>
Total general government administration	<u>\$ 6,854,790</u>	<u>\$ 6,869,462</u>	<u>\$ 7,245,647</u>	<u>\$ (376,185)</u>
Judicial administration:				
Courts:				
Circuit court	\$ 112,662	\$ 112,662	\$ 108,696	\$ 3,966
General district court	54,076	54,076	33,481	20,595
Magistrates	40,200	40,200	39,910	290
Juvenile justice	84,954	84,954	88,195	(3,241)
District J & D relations court	13,050	13,050	6,448	6,602
Clerk of the Circuit Court	682,879	682,879	718,527	(35,648)
Juvenile court services	189,888	189,888	197,943	(8,055)
Total courts	<u>\$ 1,177,709</u>	<u>\$ 1,177,709</u>	<u>\$ 1,193,200</u>	<u>\$ (15,491)</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,045,825	\$ 1,045,825	\$ 1,104,036	\$ (58,211)
Total judicial administration	<u>\$ 2,223,534</u>	<u>\$ 2,223,534</u>	<u>\$ 2,297,236</u>	<u>\$ (73,702)</u>
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 9,093,330	\$ 9,093,330	\$ 9,929,468	\$ (836,138)
Emergency communications	1,635,233	1,635,233	1,701,754	(66,521)
Code compliance	786,811	786,811	852,152	(65,341)
Criminal justice academy	79,472	79,472	79,472	-
Total law enforcement and traffic control	<u>\$ 11,594,846</u>	<u>\$ 11,594,846</u>	<u>\$ 12,562,846</u>	<u>\$ (968,000)</u>
Fire and rescue services:				
Fire department	\$ 6,037,059	\$ 6,037,059	\$ 6,780,937	\$ (743,878)
Contribution to Southside VA Emergency Crew	183,000	183,000	183,000	-
Total fire and rescue services	<u>\$ 6,220,059</u>	<u>\$ 6,220,059</u>	<u>\$ 6,963,937</u>	<u>\$ (743,878)</u>

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2015 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
City jail	\$ 6,281,264	\$ 6,281,264	\$ 5,718,288	\$ 562,976
Juvenile detention home	498,231	498,231	524,403	(26,172)
Total correction and detention	<u>\$ 6,779,495</u>	<u>\$ 6,779,495</u>	<u>\$ 6,242,691</u>	<u>\$ 536,804</u>
Other protection:				
Animal control	\$ 293,598	\$ 293,598	\$ 278,146	\$ 15,452
Total other protection	<u>\$ 293,598</u>	<u>\$ 293,598</u>	<u>\$ 278,146</u>	<u>\$ 15,452</u>
Total public safety	<u>\$ 24,887,998</u>	<u>\$ 24,887,998</u>	<u>\$ 26,047,620</u>	<u>\$ (1,159,622)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering	\$ 140,560	\$ 140,560	\$ 189,573	\$ (49,013)
Street maintenance	5,146,032	5,146,032	4,247,467	898,565
Total highways, streets, bridges and sidewalks	<u>\$ 5,286,592</u>	<u>\$ 5,286,592</u>	<u>\$ 4,437,040</u>	<u>\$ 849,552</u>
Sanitation and waste removal:				
Refuse collection	\$ 1,730,000	\$ 1,730,000	\$ 1,545,351	\$ 184,649
Total sanitation and waste removal	<u>\$ 1,730,000</u>	<u>\$ 1,730,000</u>	<u>\$ 1,545,351</u>	<u>\$ 184,649</u>
Maintenance of general buildings and grounds:				
Building maintenance	\$ 3,050,325	\$ 3,049,065	\$ 3,492,901	\$ (443,836)
Cemeteries maintenance	187,049	187,049	259,170	(72,121)
Total maintenance of general buildings and grounds	<u>\$ 3,237,374</u>	<u>\$ 3,236,114</u>	<u>\$ 3,752,071</u>	<u>\$ (515,957)</u>
Total public works	<u>\$ 10,253,966</u>	<u>\$ 10,252,706</u>	<u>\$ 9,734,462</u>	<u>\$ 518,244</u>
Health and welfare:				
Health:				
Health department	\$ 603,258	\$ 603,258	\$ 603,258	\$ -
Central Virginia health planning	50,000	50,000	50,000	-
Total health	<u>\$ 653,258</u>	<u>\$ 653,258</u>	<u>\$ 653,258</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community Services Board - District 19	\$ 181,955	\$ 181,955	\$ 181,955	\$ -
Welfare:				
Social services	\$ 8,316,631	\$ 8,317,381	\$ 8,463,625	\$ (146,244)
Comprehensive services	3,093,602	3,092,852	4,278,949	(1,186,097)
Legal aid	59,200	59,200	59,200	-
Crater District Area Agency on Aging	2,000	2,000	2,000	-
Total welfare	<u>\$ 11,471,433</u>	<u>\$ 11,471,433</u>	<u>\$ 12,803,774</u>	<u>\$ (1,332,341)</u>
Total health and welfare	<u>\$ 12,306,646</u>	<u>\$ 12,306,646</u>	<u>\$ 13,638,987</u>	<u>\$ (1,332,341)</u>

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2015 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Education:				
Contributions to Component Unit - School Board	\$ 11,662,512	\$ 11,662,512	\$ 11,662,512	\$ -
Total education	\$ 11,662,512	\$ 11,662,512	\$ 11,662,512	\$ -
Parks, recreation and cultural:				
Parks and recreation:				
Parks and leisure services	\$ 1,055,356	\$ 1,055,356	\$ 1,339,651	\$ (284,295)
Cultural:				
Library	\$ 999,086	\$ 999,086	\$ 1,024,853	\$ (25,767)
Total cultural	\$ 999,086	\$ 999,086	\$ 1,024,853	\$ (25,767)
Total parks, recreation and cultural	\$ 2,054,442	\$ 2,054,442	\$ 2,364,504	\$ (310,062)
Community development:				
Planning and community development:				
Planning	\$ 429,335	\$ 429,335	\$ 319,022	\$ 110,313
Economic development	485,823	1,485,823	1,540,138	(54,315)
Tourist promotion program	531,147	538,650	550,978	(12,328)
Other community development	267,400	267,400	240,334	27,066
Contributions to other community organizations	2,178,297	2,193,297	2,127,711	65,586
Total planning and community development	\$ 3,892,002	\$ 4,914,505	\$ 4,778,183	\$ 136,322
Cooperative extension program:				
VPI nutritional services	\$ 40,000	\$ 40,000	\$ 50,815	\$ (10,815)
Total community development	\$ 3,932,002	\$ 4,954,505	\$ 4,828,998	\$ 125,507
Nondepartmental:				
Insurance	\$ 1,374,125	\$ 1,374,325	\$ 1,191,457	\$ 182,868
Contingencies - other	43,500	28,500	82,989	(54,489)
Total nondepartmental	\$ 1,417,625	\$ 1,402,825	\$ 1,274,446	\$ 128,379
Debt service:				
Principal retirement	\$ 3,262,113	\$ 3,262,113	\$ 2,551,645	\$ 710,468
Interest and fiscal charges	1,177,123	1,177,123	1,290,348	(113,225)
Total debt service	\$ 4,439,236	\$ 4,439,236	\$ 3,841,993	\$ 597,243
Total General Fund	\$ 80,032,751	\$ 81,053,866	\$ 82,936,405	\$ (1,882,539)
Capital Projects Fund:				
Capital outlays / projects:				
General government administration:				
New City Hall	\$ -	\$ 669,050	\$ 279,048	\$ 390,002
City Hall roof	-	18,176	-	18,176
Commissioner of the Revenue - carpet replacement	-	2,250	-	2,250
Farmers Market plan design renovation	-	100,000	-	100,000
Union Station - roof	-	950	-	950
Total general government administration	\$ -	\$ 790,426	279,048	\$ 511,378

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2015 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Fund: (Continued)				
Judicial administration:				
Husting court - roof replacement	\$ -	\$ 57,146	\$ 24,602	\$ 32,544
District court - building addition	-	270,000	-	270,000
Circuit court - interior renovations	-	60,000	-	60,000
Commonwealth Attorney - interior renovations	-	66	-	66
Magistrate office relocation	-	39,195	22,228	16,967
Husting Courthouse Clocktower	-	200,000	95,180	104,820
Total judicial administration	\$ -	\$ 626,407	\$ 142,010	\$ 484,397
Public safety:				
Fire station 4 roof replacement	\$ -	\$ 780	\$ -	\$ 780
City Jail and Annex improvement plan	-	192,500	-	192,500
Jail Farm boiler replacement	-	45,000	-	45,000
Fire Sycamore Street bathrooms	-	157,922	15,135	142,787
SCADA control system replacement	-	65,000	-	65,000
800 MHZ Radio system upgrades	-	185,634	-	185,634
Jail and annex elevator	-	89,444	89,440	4
Fire apparatus - replacement motor vehicles	-	300,000	-	300,000
Total public safety	\$ -	\$ 1,036,280	\$ 104,575	\$ 931,705
Public works:				
Fire driveway parking - streets, curbs and gutters	\$ -	\$ 387,900	\$ 185	\$ 387,715
Canal street biofilter - streets, curbs and gutters	-	60,000	106	59,894
Walnut boulevard - street, curbs and gutters	-	275,000	-	275,000
Forest Lane washout - street, curbs and gutters	-	325,000	-	325,000
LT Run - street, curbs and gutters	-	320,000	-	320,000
Brickhouse Run - street, curbs and gutters	-	250,000	-	250,000
Other drainage improvements	-	1,005,000	-	1,005,000
Rives road - street, curbs and gutters	-	-	7,974	(7,974)
Poor creek sewer line replacement	-	1,191,000	-	1,191,000
New equipment	-	225,000	-	225,000
Water / sewer GPS mapping	-	144,000	-	144,000
Check valve replacement	-	325,000	-	325,000
Pipe line replacement	-	300,000	-	300,000
Drainage and storm management plan	-	65,000	-	65,000
North Park - drainage improvements	-	550,000	106	549,894
Total public works	\$ -	\$ 5,422,900	\$ 8,371	\$ 5,414,529
Health and welfare:				
Health:				
Health department roof repair	\$ -	\$ 89,000	\$ -	\$ 89,000
Education:				
Peabody Middle School - window replacement	\$ -	\$ -	\$ 41,826	\$ (41,826)
Various capital projects	-	-	458,069	(458,069)
A.P. Hill Elementary - additions to buildings	-	50,000	-	50,000
Blandford Academy - additions to buildings	-	148,000	-	148,000
Total education	\$ -	\$ 198,000	\$ 499,895	\$ (301,895)

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2015 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Fund: (Continued)				
Parks, recreation and cultural:				
Seige Museum	\$ -	\$ 991,132	\$ 8,780	\$ 982,352
Recreation study	-	2,500	-	2,500
Low street playground equipment	-	80,000	-	80,000
Dogwood trace - various	-	835,556	-	835,556
Dogwood trace - park improvements	-	148,000	-	148,000
Blandford cemetery HVAC	-	30,000	-	30,000
Total parks, recreation and cultural	\$ -	\$ 2,087,188	\$ 8,780	\$ 2,078,408
Debt service:				
Principal retirement	\$ -	-	\$ 52,000	\$ (52,000)
Interest and other debt costs	-	91,864	209,559	(117,695)
Total debt service	\$ -	\$ 91,864	\$ 261,559	\$ (169,695)
Total Capital Projects Fund	\$ -	\$ 10,342,065	\$ 1,304,238	\$ 9,037,827
Special Revenue Funds:				
Federal and State Projects Fund:				
Judicial administration:				
Courts:				
Courthouse construction	\$ -	\$ 76,587	\$ 728	\$ 75,859
Law library	-	20,000	14,140	5,860
Asset forfeiture Commonwealth Attorney	-	30,000	9,310	20,690
Federal asset forfeiture Commonwealth Attorney	-	21,651	-	21,651
Total judicial administration	\$ -	\$ 148,238	\$ 24,178	\$ 124,060
Public Safety:				
Law Enforcement and Traffic Control:				
City Police asset forfeiture program	\$ -	\$ 244,200	\$ 41,867	\$ 202,333
Police federal forfeiture program	-	30,000	-	30,000
Asset forfeiture police state	-	270,000	176,419	93,581
DMV mini grant	-	64,123	69,327	(5,204)
Victim witness	-	201,284	202,543	(1,259)
Va. Juvenile community crime control	-	202,093	162,452	39,641
POWER youth program employment	-	91,561	61,179	30,382
Pretrial community corrections	-	50,922	33,076	17,846
Sheriff Vine program	-	66,000	33,000	33,000
Fire service board hardware grant	-	1,000	-	1,000
Bio-terrorism	-	280,589	258,498	22,091
Police swat armor	-	24,373	9,900	14,473
Bulletproof vest grant	-	25,000	48,872	(23,872)
Police technology grant	-	86,000	19,803	66,197
Triad	-	2,248	2,898	(650)
Four for life - fire	-	137,755	18,963	118,792
Fire citizen corporation program	-	17,140	-	17,140
Edward Byrne S.T.E.P.S.	-	15,000	-	15,000
Sheriff asset forfeiture	-	15,809	3,720	12,089
Sheriff courthouse security	-	423,000	211,500	211,500
Federal asset forfeiture technology program	-	101,579	100,658	921
Total public safety	\$ -	\$ 2,349,676	\$ 1,454,675	\$ 895,001

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2015 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Federal and State Projects Fund: (Continued)				
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Area signal coordination	\$ -	\$ 631,740	\$ 48,680	\$ 583,060
Route 460 paving project	-	-	400,000	(400,000)
Total maintenance of general buildings and grounds	\$ -	\$ 631,740	\$ 448,680	\$ 183,060
Sanitation and waste removal:				
Litter control	\$ -	\$ 10,000	\$ 10,451	\$ (451)
Stormwater management program	-	1,138,845	779,246	359,599
DCR Stormwater program	-	45,646	-	45,646
VML grant	-	10,675	-	10,675
Total sanitation and waste removal	\$ -	\$ 1,205,166	\$ 789,697	\$ 415,469
Total public works	\$ -	\$ 1,836,906	\$ 1,238,377	\$ 598,529
Health and welfare:				
Healthy living grant	\$ -	\$ 20,000	\$ 16,076	\$ 3,924
Mental health - cameron	-	47,329	25,766	21,563
Total health and welfare	\$ -	\$ 67,329	\$ 41,842	\$ 25,487
Parks, recreation and cultural:				
Willcox lake boat access and dam	\$ -	\$ 60,310	\$ 34,000	\$ 26,310
Library donations	-	8,555	2,944	5,611
Total parks, recreation and cultural	\$ -	\$ 68,865	\$ 36,944	\$ 31,921
Community Development:				
Petersburg History Camp	\$ -	\$ -	\$ 837	\$ (837)
Freedom House	-	205,100	239,370	(34,270)
Economic development incentive	-	600,000	-	600,000
Afro american adoption contribution	-	78,000	70,029	7,971
Earth day for kids	-	10,102	7,939	2,163
Economic development - AGR and consumer grant	-	50,000	50,000	-
Chesapeake bay restoration program	-	4,000	-	4,000
Cameron - Centre Hill Mansion	-	135,236	86,878	48,358
RCAPP - Office on Youth	-	20,647	19,874	773
Southside depot restoration	-	732,810	382,770	350,040
Marketing funds - FTA	-	152,168	31,462	120,706
Total community development	\$ -	\$ 1,988,063	\$ 889,159	\$ 1,098,904
Total Federal and State Projects Fund	\$ -	\$ 6,459,077	\$ 3,685,175	\$ 2,773,902
Community Development Act Fund:				
Community Development:				
Other community development expenditures	\$ 636,640	\$ 1,175,384	\$ 444,873	\$ 730,511
Total community development	\$ 636,640	\$ 1,175,384	\$ 444,873	\$ 730,511
Total Community Development Act Fund	\$ 636,640	\$ 1,175,384	\$ 444,873	\$ 730,511
Clara J. McKenney Memorial Fund:				
Community Development:				
McKenney Memorial	\$ -	\$ -	\$ 10,486	\$ (10,486)
Total Nonmajor Funds	\$ 636,640	\$ 7,634,461	\$ 4,140,534	\$ 3,493,927
Total Primary Government Expenditures	\$ 80,669,391	\$ 99,030,392	\$ 88,381,177	\$ 10,649,215

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CITY OF PETERSBURG, VIRGINIA

Statistical Tables

<u>Section / Table #</u>	<u>Description of Section / Tables</u>
Financial Trends	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 Position by Component
2	Changes in Net Position
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)
Revenue Capacity	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 and Estimated Valuation of All Taxable Property
8	Property Tax Rates
9	Principal Business Taxpayers
10	Property Tax Levies and Collections
Debt Capacity	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 Obligation Bonded Debt to Assessed Value and Net Obligation Bonded Debt per Capita
13	Computation of Direct and Overlapping Bonded Debt and Legal debt Margin
14	Revenue Coverage
Demographic and Economic Information	This table offers 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
Operating Information	These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.
16	Major Private Employers
17	Full-time Equivalent City 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.

CITY OF PETERSBURG, VIRGINIA

Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:				
Net investment in capital assets	\$ 12,924,280	\$ 11,349,587	\$ 16,802,876	\$ 16,440,386
Restricted	1,794,038	1,934,491	2,086,098	1,898,698
Unrestricted	12,353,730	12,306,724	9,695,632	16,616,660
Total governmental activities	<u>\$ 27,072,048</u>	<u>\$ 25,590,802</u>	<u>\$ 28,584,606</u>	<u>\$ 34,955,744</u>
Business-type activities:				
Net investment in capital assets	\$ 21,366,680	\$ 17,746,920	\$ 25,697,774	\$ 36,423,288
Restricted	5,917,000	5,536,340	5,151,624	4,568,423
Unrestricted	(3,233,323)	(2,998,388)	(3,826,030)	(5,529,579)
Total business-type activities	<u>\$ 24,050,357</u>	<u>\$ 20,284,872</u>	<u>\$ 27,023,368</u>	<u>\$ 35,462,132</u>
Primary government				
Net investment in capital assets	\$ 34,290,960	\$ 29,096,507	\$ 42,500,650	\$ 52,863,674
Restricted	7,711,038	7,470,831	7,237,722	6,467,121
Unrestricted	9,120,407	9,308,336	5,869,602	11,087,081
Total primary government	<u>\$ 51,122,405</u>	<u>\$ 45,875,674</u>	<u>\$ 55,607,974</u>	<u>\$ 70,417,876</u>

Table 1

	2010	2011	2012	2013	2014	2015
\$	17,879,326	\$ 15,534,169	\$ 23,120,077	\$ 18,479,417	\$ 22,461,507	\$ 20,896,406
	1,894,824	4,459,923	8,371,649	8,699,721	3,149,244	3,011,799
	19,403,458	19,465,464	13,043,070	10,032,624	15,989,965	(9,694,504)
\$	<u>39,177,608</u>	<u>39,459,556</u>	<u>44,534,796</u>	<u>37,211,762</u>	<u>41,600,716</u>	<u>14,213,701</u>
\$	37,420,508	\$ 38,529,251	\$ 41,540,929	\$ 40,518,560	\$ 41,072,153	\$ 39,271,737
	3,861,693	3,049,996	2,198,555	1,334,606	465,941	489,434
	(5,648,711)	(7,843,351)	(10,944,581)	(10,928,156)	(10,266,896)	(13,168,842)
\$	<u>35,633,490</u>	<u>33,735,896</u>	<u>32,794,903</u>	<u>30,925,010</u>	<u>31,271,198</u>	<u>26,592,329</u>
\$	55,299,834	\$ 54,063,420	\$ 64,661,006	\$ 58,997,977	\$ 63,533,660	\$ 60,168,143
	5,756,517	7,509,919	10,570,204	10,034,327	3,615,185	3,501,233
	13,754,747	11,622,113	2,098,489	(895,532)	5,723,069	-22,863,346
\$	<u>74,811,098</u>	<u>73,195,452</u>	<u>77,329,699</u>	<u>68,136,772</u>	<u>72,871,914</u>	<u>40,806,030</u>

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

	2006	2007	2008	2009	2010	2010	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government administration	\$ 3,601,990	\$ 3,678,612	\$ 4,409,342	\$ 4,476,479	\$ 3,953,282	\$ 3,953,282	\$ 4,689,240	\$ 5,024,964	\$ 6,124,429	\$ 7,085,421
Judicial administration	1,741,756	2,060,239	2,209,742	2,384,990	2,170,832	2,170,832	2,166,314	2,329,886	2,409,720	2,392,925
Public safety	23,288,625	24,641,604	26,424,002	28,266,556	29,031,529	29,031,529	31,073,384	29,534,876	27,624,108	26,840,786
Public works	12,827,885	14,099,461	12,120,847	14,737,685	13,225,076	13,225,076	15,391,709	13,624,539	12,902,451	12,992,788
Health and welfare	13,997,163	14,564,276	16,441,259	15,835,032	14,887,566	14,887,566	13,193,886	12,472,778	13,358,082	13,703,670
Education	9,266,725	9,204,061	9,461,387	10,789,591	11,160,050	11,160,050	9,157,346	11,476,574	10,289,525	12,048,813
Parks, recreation, and cultural	2,935,100	2,685,776	3,862,492	2,453,245	2,443,712	2,443,712	2,547,419	7,557,488	2,819,867	2,445,593
Community development	2,887,401	2,727,241	2,206,472	2,238,970	3,607,676	3,607,676	3,304,525	3,277,237	3,855,151	6,152,338
Interest and other fiscal charges	1,646,992	1,327,726	1,187,375	1,186,876	1,590,337	1,590,337	1,127,482	1,228,991	1,016,546	1,541,463
Total governmental activities expenses	\$ 72,193,637	\$ 74,988,996	\$ 78,322,918	\$ 82,369,424	\$ 82,070,060	\$ 82,070,060	\$ 82,651,305	\$ 86,527,333	\$ 80,399,879	\$ 85,203,797
Business-type activities:										
Public Utility	\$ 7,262,502	\$ 7,273,942	\$ 8,393,991	\$ 8,514,037	\$ 9,127,023	\$ 9,127,023	\$ 9,292,960	\$ 9,490,563	\$ 9,095,733	\$ 10,141,929
Mass transit	2,329,232	2,923,692	3,021,131	2,919,251	3,545,881	3,545,881	4,442,057	4,233,740	4,343,710	4,429,192
Golf Course	-	-	622,377	1,176,452	1,182,589	1,182,589	1,151,540	1,110,021	1,203,286	1,256,939
Total business-type activities expenses	\$ 9,591,734	\$ 10,197,634	\$ 12,037,499	\$ 12,609,740	\$ 13,855,493	\$ 13,855,493	\$ 14,886,557	\$ 14,834,324	\$ 14,642,729	\$ 15,828,060
Total primary government expenses	\$ 81,785,371	\$ 85,186,630	\$ 90,360,417	\$ 94,979,164	\$ 95,925,553	\$ 95,925,553	\$ 97,537,862	\$ 101,361,657	\$ 95,042,608	\$ 101,031,857
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	\$ -	\$ 191,183	\$ -	\$ 15,442	\$ -	\$ -	\$ -	\$ 350,714	\$ 228,416	\$ 177,548
Judicial administration	724,635	899,881	1,112,344	562,801	860,011	860,011	1,000,340	615,372	680,649	562,613
Public safety	188,472	768,688	967,272	799,041	461,872	461,872	619,311	461,406	536,074	723,770
Public works	2,471,783	1,859,992	2,116,599	2,068,003	1,878,941	1,878,941	1,581,645	2,125,662	3,042,325	3,155,209
Health and welfare	-	-	-	-	-	-	-	-	6,665	-
Parks, recreation, and cultural	140,732	173,847	131,968	176,435	101,789	101,789	82,202	98,246	80,473	144,757
Community development	4,000	-	188,335	1,347	32,105	32,105	35,081	307,123	209,969	473,614
Operating grants and contributions:										
General government administration	324,298	351,357	373,318	344,481	302,633	302,633	305,189	291,559	305,503	299,039
Judicial administration	1,202,683	1,159,862	1,209,709	1,292,166	964,332	964,332	993,434	962,643	1,051,708	1,183,964
Public safety	6,908,857	8,262,300	8,763,661	7,490,017	8,143,893	8,143,893	7,504,260	7,096,135	7,682,641	7,280,645
Public works	6,248,403	4,299,951	4,468,129	4,620,981	4,565,451	4,565,451	4,907,577	5,001,123	5,167,493	5,400,118
Health and welfare	10,823,880	10,894,743	11,737,712	11,693,590	11,128,359	11,128,359	9,757,395	8,845,264	9,667,570	9,704,194
Education	-	317,452	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	152,763	-	602,572	185,700	195,188	195,188	141,719	274,093	145,774	145,622
Community development	1,119,911	220,249	392,080	748,388	534,970	534,970	505,493	1,081,150	850,812	444,873
Capital grants and contributions:										
Public works	-	1,075,000	3,070,207	1,311,316	2,082,199	2,082,199	763,981	1,014,283	6,312,018	3,154
Education	-	-	-	4,430,000	3,000,000	3,000,000	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	90,000	90,000	-	-	-	-
Community development	639,704	1,847,112	-	500,000	-	-	-	-	19,920	-
Total governmental activities program revenues	\$ 30,950,121	\$ 32,321,617	\$ 35,133,906	\$ 36,239,708	\$ 34,341,743	\$ 34,341,743	\$ 28,197,627	\$ 28,524,773	\$ 35,988,010	\$ 29,699,120

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

	2006	2007	2008	2009	2010	2010	2012	2013	2014	2015
Program revenues: (Continued)										
Business-type activities:										
Charges for services:										
Public Utility	\$ 6,263,961	\$ 6,540,056	\$ 7,037,608	\$ 7,123,929	\$ 9,419,189	\$ 9,419,189	\$ 9,539,367	\$ 9,130,177	\$ 9,107,233	\$ 8,758,140
Mass Transit	432,432	453,045	512,960	437,138	413,822	413,822	474,125	536,463	528,470	579,124
Golf course	-	-	188,080	565,943	599,448	599,448	683,792	709,000	701,000	694,111
Operating grants and contributions:										
Mass Transit	831,372	1,209,175	1,415,667	1,751,172	971,920	971,920	1,089,908	1,403,671	1,768,821	3,144,068
Capital grants and contributions										
Public Utility	-	420,558	2,210,427	1,597,206	-	-	558,422	-	-	-
Mass Transit	1,054,570	2,121,811	7,360,969	9,396,245	2,315,371	2,315,371	1,156,832	376,333	2,003,498	158,355
Total business-type activities program revenues	\$ 8,582,335	\$ 10,744,645	\$ 18,725,711	\$ 20,871,633	\$ 13,719,750	\$ 13,719,750	\$ 13,502,446	\$ 12,155,644	\$ 14,109,022	\$ 13,333,798
Total primary government program revenues	\$ 39,532,456	\$ 43,066,262	\$ 53,859,617	\$ 57,111,341	\$ 48,061,493	\$ 48,061,493	\$ 41,700,073	\$ 40,680,417	\$ 50,097,032	\$ 43,032,918
Net (expense) / revenue										
Governmental activities	\$ (41,243,516)	\$ (42,667,379)	\$ (43,189,012)	\$ (46,129,714)	\$ (47,728,317)	\$ (47,728,317)	\$ (54,453,678)	\$ (58,002,560)	\$ (44,411,869)	\$ (55,504,677)
Business-type activities	(1,009,399)	547,011	6,688,212	8,261,893	(135,743)	(135,743)	(1,384,111)	(2,678,680)	(533,707)	(2,494,262)
Total primary government net expense	\$ (42,252,915)	\$ (42,120,368)	\$ (36,500,800)	\$ (37,867,821)	\$ (47,864,060)	\$ (47,864,060)	\$ (55,837,789)	\$ (60,681,240)	\$ (44,945,576)	\$ (57,998,939)
General Revenues and Other Change in Net Position										
Governmental activities:										
General property taxes	\$ 24,990,058	\$ 26,502,531	\$ 28,860,512	\$ 33,090,055	\$ 35,991,155	\$ 35,991,155	\$ 34,093,970	\$ 33,726,929	\$ 34,394,416	\$ 33,418,636
Local sales and use taxes	3,827,026	3,815,937	3,995,564	3,796,848	3,396,411	3,396,411	3,755,828	3,738,656	3,530,101	3,715,835
Consumer utility taxes	3,130,198	2,493,943	1,578,832	1,778,414	1,678,216	1,678,216	1,658,993	1,761,728	1,638,787	1,715,224
Business license taxes	2,926,116	3,029,257	2,747,595	3,144,714	2,553,424	2,553,424	2,931,183	2,876,387	2,727,728	2,797,490
Motor Vehicle license taxes	598,616	593,977	595,329	533,365	491,904	491,904	511,083	502,714	487,391	420,192
Lodging taxes	301,209	428,595	470,393	435,520	375,201	375,201	294,194	273,899	268,575	256,522
Meals tax	1,201,759	1,286,205	1,459,964	1,316,975	1,361,103	1,361,103	1,559,147	2,211,886	2,423,433	2,571,793
Other local taxes	925,888	1,147,339	839,751	561,595	664,274	664,274	571,077	566,682	618,970	602,467
Unrestricted revenues from use of money and property										
Miscellaneous	506,158	477,504	507,218	371,424	367,179	367,179	383,397	397,947	487,382	231,452
Grants and contributions not restricted to specific programs	910,762	218,764	114,854	2,224,312	348,002	348,002	472,304	1,285,606	861,739	1,104,557
Gain/(Loss) on sale of assets	3,619,058	3,851,888	5,079,475	4,417,059	4,867,141	4,867,141	4,761,896	4,835,521	4,936,135	4,828,315
Transfers (net)	-	212,697	(66,671)	-	-	-	-	-	-	-
Total governmental activities	\$ (1,516,969)	\$ (644,531)	\$ -	\$ 109,928	\$ (143,830)	\$ (143,830)	\$ (499,618)	\$ (802,736)	\$ (878,560)	\$ -
Total governmental activities	\$ 41,419,879	\$ 43,414,106	\$ 46,182,816	\$ 51,780,209	\$ 51,950,180	\$ 51,950,180	\$ 50,493,454	\$ 51,375,219	\$ 51,496,097	\$ 51,662,483
Business-type activities:										
Unrestricted revenues from use of money and property										
Miscellaneous	\$ -	\$ -	\$ 50,284	\$ -	\$ 163,271	\$ 163,271	\$ -	\$ 6,051	\$ 1,335	\$ 1,181
Transfers	1,516,969	644,531	-	(109,928)	143,830	143,830	499,618	802,736	878,560	-
Total business-type activities	\$ 1,516,969	\$ 644,531	\$ 50,284	\$ 176,871	\$ 307,101	\$ 307,101	\$ 499,618	\$ 808,787	\$ 879,895	\$ 1,181
Total primary government	\$ 42,936,848	\$ 44,058,637	\$ 46,233,100	\$ 51,957,080	\$ 52,257,281	\$ 52,257,281	\$ 50,993,072	\$ 52,184,006	\$ 52,375,992	\$ 51,663,664
Change in Net Position										
Governmental activities	\$ 176,363	\$ 746,727	\$ 2,993,804	\$ 5,650,495	\$ 4,221,863	\$ 4,221,863	\$ (3,960,224)	\$ (6,627,341)	\$ 7,084,228	\$ (3,842,194)
Business-type activities	507,570	1,191,542	6,738,496	8,438,764	171,358	171,358	(884,493)	(1,869,893)	346,188	(2,493,081)
Total primary government	\$ 683,933	\$ 1,938,269	\$ 9,732,300	\$ 14,089,259	\$ 4,393,221	\$ 4,393,221	\$ (4,844,717)	\$ (8,497,234)	\$ 7,430,416	\$ (6,335,275)

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

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
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	2,493,943	3,029,257	593,977	428,595	1,286,205	1,147,339	39,297,784
2008	28,860,512	3,995,564	1,578,832	2,747,595	595,329	470,393	1,459,964	839,751	40,547,940
2009	33,090,055	3,796,848	1,778,414	3,144,714	533,365	435,520	1,316,975	561,595	44,657,486
2010	35,991,155	3,396,411	1,678,216	2,553,424	491,904	375,201	1,361,103	664,273	46,511,687
2011	34,691,569	3,667,579	1,691,546	2,489,284	493,869	340,894	1,376,528	627,076	45,378,345
2012	34,093,970	3,755,828	1,658,993	2,931,183	511,083	294,194	1,559,147	571,077	45,375,475
2013	33,726,929	3,738,656	1,761,728	2,876,387	502,714	273,899	2,211,886	566,682	45,658,881
2014	34,394,416	3,530,101	1,638,787	2,727,728	487,391	268,575	2,423,433	618,970	46,089,401
2015	33,418,636	3,715,835	1,715,224	2,797,490	420,192	256,522	2,571,793	602,467	45,498,159

CITY OF PETERSBURG, VIRGINIA

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

	2006	2007	2008	2009	2010
General fund					
Nonspendable:					
Inventory and land held for resale	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund loans	-	-	-	-	-
Restricted:					
Debt service	-	-	-	-	-
Grants	-	-	-	-	-
Committed:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-
Community development	-	-	-	-	-
Land acquisition	-	-	-	-	-
Rives Road widening	-	-	-	-	-
Walnut Hill Elementary School	-	-	-	-	-
Employee bonuses	-	-	-	-	-
Petersburg Public School Operations Center	-	-	-	-	-
Health and welfare	-	-	-	-	-
Assigned:					
General government	-	-	-	-	-
Police Department	-	-	-	-	-
Fire Department	-	-	-	-	-
Jail	-	-	-	-	-
Engineering	-	-	-	-	-
Street maintenance	-	-	-	-	-
Building maintenance	-	-	-	-	-
Library	-	-	-	-	-
Tourism	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved:					
Inventory	3,976,588	4,695,716	4,652,161	4,900,400	4,990,308
Asset forfeiture	-	105,999	194,000	-	-
Capital Projects	1,660,397	926,096	-	-	-
Debt Service	-	515,000	-	-	-
Landfill closure/post-closure monitoring	-	1,500,000	1,750,000	-	-
Encumbrances	709,027	441,550	1,470,314	517,929	-
Unreserved, undesignated	9,221,441	10,227,794	11,935,086	14,837,698	15,403,526
Total general fund	\$ 15,567,453	\$ 18,412,155	\$ 20,001,561	\$ 20,256,027	\$ 20,393,834
All other governmental funds					
Nonspendable:					
Interfund loans - capital projects	\$ -	\$ -	\$ -	\$ -	\$ -
Cemetery Perpetual care and library	-	-	-	-	-
Prepaid items	-	-	-	-	-
McKenney scholarships	-	-	-	-	-
Restricted:					
Grants	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned to:					
LT Run Watershed Study - stream restoration	-	-	-	-	-
Centre Hill drainage improvement	-	-	-	-	-
Passenger train station	-	-	-	-	-
Prince George PPEA project	-	-	-	-	-
Poor Creek Pump Station	-	-	-	-	-
Health Department	-	-	-	-	-
School projects	-	-	-	-	-
Other purposes	-	-	-	-	-
Reserved:					
Capital projects	-	-	1,804,898	2,252,155	3,989,903
Special revenue funds	-	535,403	122,035	136,851	277,931
Permanent funds	-	1,828,492	1,892,098	1,898,698	1,894,824
Unreserved, reported in:					
Non-major:					
Special revenue funds (deficit)	309,582	(99,608)	(74,801)	105,620	342,777
Capital projects fund	80,274	(63,717)	(5,305,826)	-	-
Permanent funds	1,794,038	-	-	-	-
Total all other governmental funds	\$ 2,183,894	\$ 2,200,570	\$ (1,561,596)	\$ 4,393,324	\$ 6,505,435
Total fund balances	\$ 17,751,347	\$ 20,612,725	\$ 18,439,965	\$ 24,649,351	\$ 26,899,269

The City implemented GASB 54 in FY 11 and has elected not to reclassify fund balance amounts for the previous five fiscal years.

Table 4

	2011	2012	2013	2014	2015
\$	5,015,776	\$ 4,891,455	\$ 5,234,818	\$ 6,001,237	\$ 5,352,974
	8,225,957	9,148,704	9,148,704	9,148,704	9,148,704
	2,631,120	3,080,364	3,509,985	3,969,947	4,314,400
	-	172,560	172,560	-	-
	-	-	102,786	-	-
	-	-	125,780	-	-
	-	-	28,422	-	-
	-	-	10,299	-	-
	-	-	12,901	-	-
	225,000	-	-	-	-
	10,000	-	-	-	-
	121,000	-	-	-	-
	750,000	-	-	-	-
	100,000	-	-	-	-
	63,000	-	-	-	-
	3,658	-	-	-	-
	75,190	-	-	-	-
	8,080	-	-	-	-
	23,595	-	-	-	-
	14,080	-	-	-	-
	459,944	-	-	-	-
	44,800	-	-	-	-
	2,710	-	-	-	-
	1,828	-	-	-	-
	4,525	-	-	-	-
	6,402,849	4,615,214	1,725,979	174,507	(5,011,152)
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	<u>24,183,112</u>	<u>21,908,297</u>	<u>20,072,234</u>	<u>19,294,395</u>	<u>13,804,926</u>
\$	279,781	\$ 279,781	\$ -	\$ -	-
	1,828,803	1,773,666	1,760,833	1,819,336	1,842,730
	-	-	-	7,019	-
	19,001	19,009	19,014	19,017	8,534
	448,435	462,609	293,342	1,310,891	1,160,535
	-	2,863,440	2,943,987	2,695,274	9,546,748
	638,400	-	-	-	-
	57,518	-	-	-	-
	164,000	-	-	-	-
	499,540	-	-	-	-
	2,368,980	-	-	-	-
	335,575	-	-	-	-
	22,130	-	-	-	-
	1,215,436	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	<u>7,877,599</u>	<u>5,398,505</u>	<u>5,017,176</u>	<u>5,851,537</u>	<u>12,558,547</u>
\$	<u>32,060,711</u>	<u>27,306,802</u>	<u>25,089,410</u>	<u>25,145,932</u>	<u>26,363,473</u>

CITY OF PETERSBURG, VIRGINIA

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

	2006	2007	2008	2009	2010
Revenues:					
General property taxes	\$ 24,706,331	\$ 26,546,575	\$ 28,104,541	\$ 32,299,130	\$ 34,703,935
Other local taxes	12,910,812	13,700,105	13,797,559	13,484,673	12,445,767
Permits, privilege fees and regulatory licenses	169,597	547,715	656,809	660,299	483,718
Fines and forfeitures	596,864	756,124	1,071,755	468,464	684,907
Revenue from use of money and property	506,158	477,504	507,218	371,424	367,179
Charges for services	2,441,216	2,802,449	2,787,954	2,494,305	2,166,093
Miscellaneous	910,762	2,308,411	2,474,098	6,654,314	3,838,002
Recovered costs	213,361	124,005	466,502	378,789	315,212
Intergovernmental:					
Commonwealth	21,961,358	21,677,880	24,218,725	22,958,947	23,278,884
Federal	8,367,269	7,593,655	7,099,686	7,727,510	7,180,048
Total revenues	\$ 72,783,728	\$ 76,534,423	\$ 81,184,847	\$ 87,497,855	\$ 85,463,745
Expenditures:					
General government administration	\$ 3,556,652	\$ 3,678,061	\$ 4,116,450	\$ 4,360,569	\$ 3,826,456
Judicial administration	1,722,388	1,895,420	2,139,494	2,184,145	1,973,393
Public safety	28,969,711	25,312,175	26,459,229	26,566,138	27,441,826
Public works	8,877,879	11,173,225	17,240,364	14,156,676	11,689,667
Health and welfare	13,847,937	14,296,165	16,225,483	15,499,383	14,668,974
Education	9,400,152	8,838,660	14,302,941	13,502,674	10,474,051
Parks, recreation, and cultural	3,833,719	5,549,782	4,153,537	2,659,418	2,431,519
Community development	3,309,515	2,861,651	2,840,006	2,192,083	3,574,257
Debt service:					
Principal retirement	1,720,556	2,590,060	2,960,058	6,248,664	6,270,000
Interest and other fiscal charges	1,356,881	1,448,255	1,449,801	1,497,372	2,400,439
Nondepartmental	1,315,624	707,417	803,240	959,214	1,149,019
Total expenditures	\$ 77,911,014	\$ 78,350,871	\$ 92,690,603	\$ 89,826,336	\$ 85,899,601
Excess (deficiency) of revenues over expenditures	\$ (5,127,286)	\$ (1,816,448)	\$ (11,505,756)	\$ (2,328,481)	\$ (435,856)
Other financing sources (uses):					
Transfers in	\$ 1,381,953	\$ 1,082,083	\$ 1,014,136	\$ 1,357,056	\$ 178,538
Transfers (out)	(2,692,300)	(1,726,614)	(1,014,136)	(1,247,128)	(322,368)
Proceeds from capital leases	508,329	205,500	232,996	782,997	62,106
Sale of assets	-	-	-	-	350,000
Issuance of debt	6,775,277	5,116,857	9,100,000	7,360,000	8,560,000
Premium on debt issued	-	-	-	284,941	3,035
Proceeds from refunding bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	\$ 5,973,259	\$ 4,677,826	\$ 9,332,996	\$ 8,537,866	\$ 8,831,311
Net changes in fund balances	\$ 845,973	\$ 2,861,378	\$ (2,172,760)	\$ 6,209,385	\$ 8,395,455
Debt service as a percentage of noncapital expenditures	3.99%	5.64%	4.79%	#REF!	11.06%

Table 5

	2011	2012	2013	2014	2015
\$	34,039,946	\$ 33,388,519	\$ 33,787,723	\$ 33,299,800	\$ 32,558,767
	12,602,485	11,281,505	11,931,952	11,694,985	12,079,523
	426,106	559,870	589,836	570,939	686,551
	673,606	786,925	784,879	714,870	765,358
	346,203	383,397	397,947	487,382	231,452
	1,980,201	1,971,784	2,583,808	3,498,762	3,785,602
	3,928,274	472,304	1,285,606	861,739	1,104,557
	638,918	35,966	1,153,960	1,189,699	312,402
	21,417,443	23,474,260	23,044,851	23,487,926	23,548,977
	6,567,302	6,166,684	6,356,920	6,444,971	5,740,947
\$	<u>82,620,484</u>	<u>\$ 78,521,214</u>	<u>\$ 81,917,482</u>	<u>\$ 82,251,073</u>	<u>\$ 80,814,136</u>
\$	4,098,854	\$ 4,623,610	\$ 5,754,005	\$ 7,163,426	\$ 7,524,695
	1,967,127	1,942,608	2,179,386	2,491,818	2,463,424
	28,443,133	29,063,421	28,748,274	27,484,115	27,606,870
	10,264,734	13,148,715	11,822,628	11,417,788	10,981,210
	14,086,084	13,035,375	12,077,260	12,943,794	13,680,829
	13,016,373	10,270,452	12,464,698	10,858,309	12,162,407
	2,470,427	2,366,214	7,711,017	2,968,898	2,410,228
	3,497,736	3,422,572	3,210,767	3,845,518	6,173,516
					1,274,446
	5,998,607	3,520,535	4,422,975	2,350,820	
	1,337,602	1,108,836	1,309,349	1,306,617	2,603,645
	1,247,187	1,968,166	1,583,016	1,740,834	1,499,907
\$	<u>86,427,864</u>	<u>\$ 84,470,504</u>	<u>\$ 91,283,375</u>	<u>\$ 84,571,937</u>	<u>\$ 88,381,177</u>
\$	<u>(3,807,380)</u>	<u>\$ (5,949,290)</u>	<u>\$ (9,365,893)</u>	<u>\$ (2,320,864)</u>	<u>\$ (7,567,041)</u>
\$	451,234	\$ 493,471	\$ 1,291,148	\$ 870,061	\$ 235,078
	(704,170)	(993,090)	(2,093,885)	(1,748,621)	(235,078)
	379,650	165,000	1,030,747	691,910	703,067
	-	-	-	-	-
	396,000	1,530,000	5,000,000	2,330,000	7,292,000
	-	-	-	234,035	789,515
	2,686,689	-	3,751,828	-	-
	(2,596,254)	-	(1,831,338)	-	-
\$	<u>613,149</u>	<u>\$ 1,195,381</u>	<u>\$ 7,148,500</u>	<u>\$ 2,377,385</u>	<u>\$ 8,784,582</u>
\$	<u>(3,194,231)</u>	<u>\$ (4,753,909)</u>	<u>\$ (2,217,393)</u>	<u>\$ 56,521</u>	<u>\$ 1,217,541</u>
	<u>8.77%</u>	<u>5.89%</u>	<u>6.63%</u>	<u>4.58%</u>	<u>3.01%</u>

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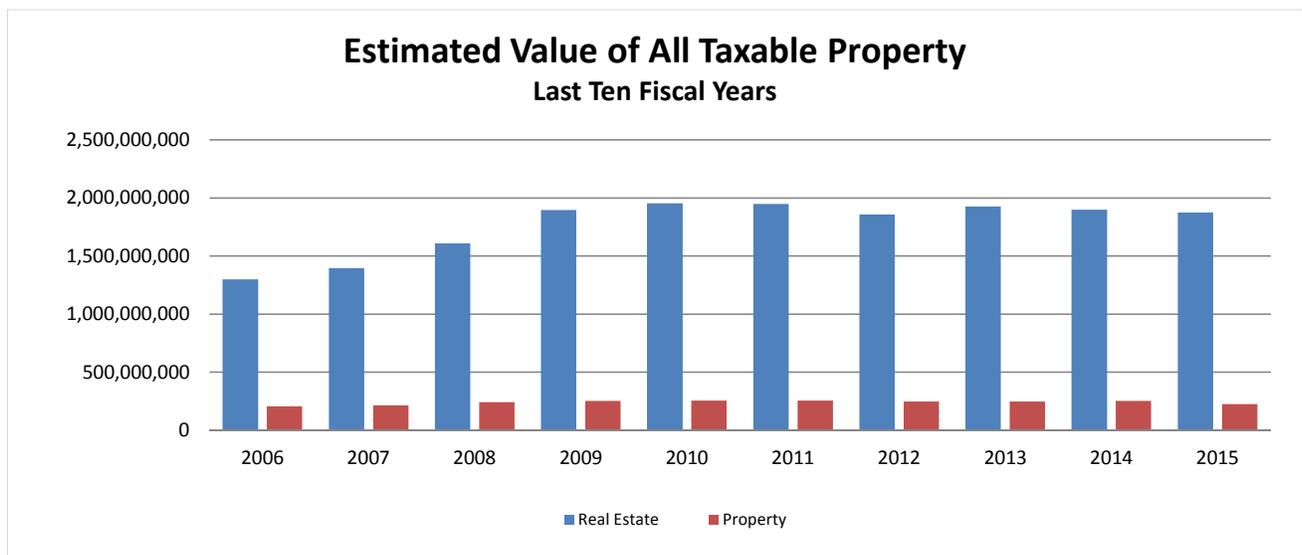
Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
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	2,493,943	3,029,257	593,977	428,595	1,286,205	1,147,339	39,341,828
2008	28,104,541	3,995,564	1,578,832	2,747,595	595,329	470,393	1,459,964	839,751	39,791,969
2009	32,299,130	3,796,848	1,778,414	3,144,714	533,365	435,520	1,316,975	561,596	43,866,562
2010	34,703,935	3,396,411	1,678,216	2,553,424	491,904	375,201	1,361,103	664,274	47,149,702
2011	34,039,946	3,667,579	1,691,546	2,489,284	493,869	340,894	1,376,528	627,076	46,642,431
2012	33,388,519	3,755,828	1,658,993	2,931,183	511,083	294,194	1,559,147	571,077	44,670,024
2013	33,787,723	3,738,656	1,761,728	2,876,387	502,714	273,899	2,211,886	566,682	45,719,675
2014	33,299,800	3,530,101	1,638,787	2,727,728	487,391	268,575	2,423,433	618,970	44,994,785
2015	32,558,767	3,715,835	1,715,224	2,797,490	420,192	256,522	2,571,793	602,467	44,638,290

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

Fiscal Years Ending June 30,	Real Estate	Personal Property	Total	Total Direct Tax Rate (2)
2006	\$ 1,296,398,319	\$ 204,712,608	\$ 1,501,110,927	\$ 1.75
2007	1,392,905,100	213,392,655	1,606,297,755	1.62
2008	1,606,004,199	239,757,045	1,845,761,244	1.54
2009	1,894,736,243	251,183,757	2,145,920,000	1.56
2010	1,951,398,974	252,407,922	2,203,806,896	1.56
2011	1,947,667,364	254,240,653	2,201,908,017	1.55
2012	1,857,317,235	246,651,794	2,103,969,029	1.55
2013	1,926,214,795	246,783,150	2,172,997,945	1.53
2014	1,897,715,161	251,007,184	2,148,722,345	1.54
2015	1,873,395,296	223,450,973	2,096,846,269	1.51

Source: Commissioner of the Revenue



(2) The total direct tax rate is calculated using the weighted average method.

Property Tax Rates
Last Ten Fiscal Years

Fiscal Years Ending June 30,	Real Estate	Business and Individuals	Machinery and Tools	Mobile Homes	Total Direct Tax Rate (1)
2006	\$ 1.38	\$ 4.30	\$ 3.80	\$ 1.38	1.75
2007	1.35	4.40	3.80	1.35	1.62
2008	1.35	4.40	3.80	1.35	1.54
2009	1.35	4.40	3.80	1.35	1.56
2010	1.35	4.40	3.80	1.35	1.56
2011	1.35	4.40	3.80	1.35	1.55
2012	1.35	4.40	3.80	1.35	1.55
2013	1.35	4.40	3.80	1.35	1.53
2014	1.35	4.40	3.80	1.35	1.54
2015	1.35	4.40	3.80	1.35	1.51

Source - Commissioner of the Revenue

(1) The total direct tax rate is calculated using the weighted average method.

CITY OF PETERSBURG, VIRGINIA

Principal Business Taxpayers
Current Year and Nine Years Ago

Taxpayer	2015			Rank	Percentage of Total Assessed Valuation
	Real Property Valuation	Personal Property Valuation	Total Valuation		
Petersburg Hospital LLC	\$ 98,796,700	\$ 10,264,310	\$ 109,061,010	1	5.20%
B. I. Chemicals	-	-	-		
Virginia Electric	13,658,550	73,070,465	86,729,015	2	4.14%
Uni Tao	28,564,600	27,803,682	56,368,282	3	2.69%
The Cameron Foundation	-	-	-		
Brenco Properties	-	-	-		
Addison/At Crater Woods	34,652,600	-	34,652,600	4	1.65%
Amsted/Brenco	18,408,290	13,044,515	31,452,805	5	1.50%
1200 Aqua LLC	26,200,200	-	26,200,200	6	1.25%
Georgetown Square	14,233,000	-	14,233,000	7	0.68%
CNL Retirement DAS Petersburg Va LP	-	-	-		
Columbia Gas	648,852	13,866,148	14,515,000	8	0.69%
Verizon Virginia	1,190,577	12,814,502	14,005,079	9	0.67%
South Crater Square	13,614,800	-	13,614,800	10	0.65%
Inland Paperboard & Packing Company	-	-	-		
Boars Head	7,989,400	4,903,617	12,893,017	11	0.61%
MPT of Petg/Petg Rehab Hospital	11,241,300	1,113,273	12,354,573	12	0.59%
Wal-Mart	10,118,300	918,786	11,037,086	13	0.53%
Tin Inc/Inland Paper	5,267,200	4,919,888	10,187,088	14	0.49%
Infra-Metals	7,757,800	843,153	8,600,953	15	0.41%
Total	<u>\$ 292,342,169</u>	<u>\$ 163,562,339</u>	<u>\$ 455,904,508</u>		<u>21.74%</u>

Source: Commissioner of the Revenue

Table 9

2006				
Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	Percentage of Total Assessed Valuation
\$ -	\$ -	\$ -		
23,265,800	46,134,568	69,400,368	1	4.80%
33,251,858	82,290	33,334,148	2	2.30%
-	-	-		2.44%
32,278,400		32,278,400	3	2.23%
16,419,800	12,642,286	29,062,086	4	2.01%
-	-	-		1.85%
-	-	-		
-	-	-		
13,653,000	13,336	13,666,336	6	0.94%
12,653,000	-	12,653,000	7	0.93%
9,462,173	3,683	9,465,856	9	0.65%
18,006,820	2,870	18,009,690	5	1.25%
-	-	-		
5,376,400	339,088	5,715,488	10	0.61%
-	-	-		
-	-	-		
9,251,600	1,064,900	10,316,500	8	0.71%
-	-	-		
-	-	-		
-	-	-		
<u>\$ 173,618,851</u>	<u>\$ 60,283,021</u>	<u>\$ 233,901,872</u>		<u>20.72%</u>

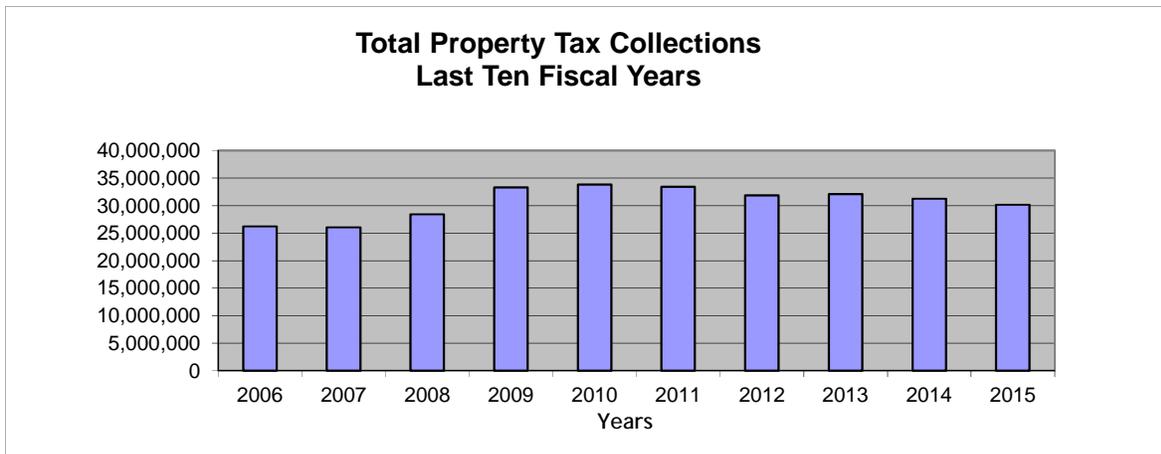
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Property Tax Levies and Collections
Last Ten Fiscal Years

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		
2006	\$ 26,220,677	24,386,327	93.00%	\$ 1,831,044	55389.51%	26,217,371	99.99%	\$ 3,306	0.01%
2007	26,039,276	23,249,391	89.29%	2,772,297	15762.43%	26,021,688	99.93%	17,588	0.07%
2008	28,468,895	26,388,079	92.69%	2,022,978	3497.66%	28,411,057	99.80%	57,838	0.20%
2009	33,415,398	31,253,720	93.53%	2,010,344	1328.42%	33,264,064	99.55%	151,334	0.45%
2010	34,297,170	32,267,620	94.08%	1,529,770	306.09%	33,797,390	98.54%	499,780	1.46%
2011	34,058,168	31,830,367	93.46%	1,535,066	221.59%	33,365,433	97.97%	692,735	2.03%
2012	32,693,624	30,092,517	92.04%	1,729,766	198.52%	31,822,283	97.33%	871,341	2.67%
2013	33,280,733	31,079,168	93.38%	952,625	76.27%	32,031,793	96.25%	1,248,940	3.75%
2014	33,169,073	30,643,027	92.38%	603,986	33.58%	31,247,013	94.21%	1,798,804	5.42%
2015	31,769,767	30,122,272	94.81%	-	0.00%	30,122,272	94.81%	5,371,592	16.91%

(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				
	General Obligation Bonds (3)	State Literary Loans	Capital Leases	Notes Payable	School Qualified Zone Academy Bonds
2006	\$ 15,036,650	\$ 6,425,000	\$ 1,402,397	\$ 5,732,712	5,678,838
2007	13,985,722	6,000,000	1,414,458	9,256,116	6,795,695
2008	12,694,013	5,575,000	1,277,585	13,861,087	6,795,695
2009	18,604,067	5,150,000	1,691,239	10,246,855	6,795,695
2010	25,667,417	4,725,000	1,292,389	6,761,672	6,795,695
2011	24,538,328	4,300,000	1,320,235	3,155,393	6,795,695
2012	23,940,398	3,875,000	1,098,460	2,574,563	6,795,695
2013	27,807,281	3,450,000	1,788,320	1,971,081	6,795,695
2014	29,432,511	3,025,000	1,883,854	1,346,407	6,795,695
2015	33,873,564	2,600,000	1,910,695	694,935	8,795,695

(1) Table 15

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

(3) General Bond Debt

N/A - Data not available

Business-Type Activities						
General Obligation Bonds (3)	Notes Payable	Capital Leases	Total Primary Government	Population (1)	Percentage of Personal Income (2)	Net Obligations per Capita
\$ 4,823,338	\$ -	\$ 541,694	\$ 39,640,629	31,853	1.85%	\$ 1,244
4,092,568	-	510,243	42,054,802	32,612	1.87%	1,290
3,600,988	4,000,000	650,086	48,454,454	31,810	2.03%	1,523
6,860,933	-	423,488	49,772,277	32,381	N/A	1,537
6,097,584	-	395,649	51,735,406	32,399	N/A	1,597
5,707,673	-	281,978	46,099,302	32,420	N/A	1,422
5,310,603	-	247,334	43,842,053	32,948	N/A	1,331
5,031,261	-	155,832	46,999,470	33,112	N/A	1,419
5,333,060	-	4,321,572	52,138,099	33,112	N/A	1,575
12,650,371	-	5,276,761	65,802,021	33,112	N/A	1,987

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)	General Bonded Debt	Net Bonded Debt	Percentage of Net General Obligation Debt to Assessed Value	Net General Bonded Debt per Capita
2006	33,740	\$ 1,501,110,927	\$ 19,859,988	\$ 19,859,988	1.32%	\$ 589
2007	33,740	1,606,297,755	18,078,290	18,078,290	1.13%	536
2008	33,740	1,845,761,244	16,295,001	16,295,001	0.88%	483
2009	33,740	2,145,920,000	25,465,000	25,465,000	1.19%	755
2010	32,909	2,203,806,896	31,765,001	31,765,001	1.44%	965
2011	32,420	2,201,908,017	30,246,001	30,246,001	1.37%	933
2012	32,420	2,103,969,029	29,251,001	29,251,001	1.39%	902
2013	32,420	2,172,997,945	32,838,542	32,838,542	1.51%	1,013
2014	32,420	2,148,722,345	34,765,571	34,765,571	1.62%	1,072
2015	32,420	2,096,846,269	46,523,935	46,523,935	2.22%	1,435

(1) United States Census

(2) From Table 7

Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin
 Fiscal Year Ended June 30, 2015

	<u>Total Direct Debt (1)</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
City of Petersburg	\$ 47,874,889	100%	\$ 47,874,889
Total assessed value of real estate			\$ <u>1,926,214,795</u>
10% legal debt limit			\$ <u><u>192,621,480</u></u>

(1) Total direct debt includes the following governmental activities (no business activities are included in this computation):

General Obligation Bonds	\$ 33,873,564
State Literary Fund Loans	2,600,000
Capital leases	1,910,695
Notes payable	694,935
School Qualified Zone Academy Bonds	<u>8,795,695</u>
Total	<u><u>\$ 47,874,889</u></u>

The City of Petersburg has no overlapping debt.

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

Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenues and Other Charges	Less: Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Public Utility Fund: \$							
2006	\$ 6,263,961	\$ 5,968,512	\$ 295,449	\$ 720,737	\$ 190,442	\$ 911,179	0.32
2007	6,540,056	6,050,531	489,525	730,770	192,066	922,836	0.53
2008	9,248,035	7,025,763	2,222,272	491,580	213,459	705,039	3.15
2009	8,721,135	6,867,004	1,854,131	740,054	167,451	907,505	2.04
2010	9,419,189	7,564,587	1,854,602	763,349	116,092	879,441	2.11
2011	8,125,447	6,827,933	1,297,514	351,353	88,617	439,970	2.95
2012	9,539,367	7,764,599	1,774,768	378,836	69,882	448,718	3.96
2013	9,136,228	7,975,742	1,160,486	352,804	42,689	395,493	2.93
2014	9,108,568	7,497,926	1,610,642	119,539	35,715	155,254	10.37
2015	8,759,321	8,216,426	542,895	122,433	31,147	153,580	3.53
Golf Course Fund:							
2008	\$ 188,080	\$ 441,306	\$ (253,226)	\$ -	\$ 150,819	\$ 150,819	-1.68
2009	565,943	939,026	(373,083)	-	176,254	176,254	-2.12
2010	599,448	911,324	(311,876)	-	169,802	169,802	-1.84
2011	565,626	872,469	(306,843)	59,859	194,507	254,366	-1.21
2012	683,792	898,701	(214,909)	63,000	190,595	253,595	-0.85
2013	709,000	858,007	(149,007)	64,750	187,372	252,122	-0.59
2014	701,000	930,327	(229,327)	68,250	201,053	269,303	-0.85
2015	694,111	978,731	(284,620)	88,257	201,813	290,070	-0.98

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.

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

Demographic Statistics

Fiscal Year	Registered Voters	School Enrollment	Unemployment Rate	Population (1)
2006	18,027	4,854	6.60%	31,853
2007	17,485	4,726	6.00%	32,612
2008	18,403	4,592	7.70%	31,810
2009	19,147	4,375	14.60%	32,381
2010	20,649	4,374	12.04%	32,399
2011	20,785	4,278	11.80%	32,420
2012	22,513	4,121	10.10%	32,948
2013	22,508	4,478	10.70%	33,112
2014	21,477	4,557	10.20%	33,112
2015	21,185	4,318	9.30%	32,421

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	15,989	28,851
2010	6,711	25,709	32,420	19,142	36,449

(1) Weldon Cooper Center for Public Service.

Major Private Employers
Fiscal Year Ended June 30, 2015

Company	Description of Business	Approximate Employment	
		Current	Percentage of Total City Employment
Southside Regional Medical Center	Hospital medical services	1000+	7.30%
Amsted Rail Company, Inc.	Roller bearings	200-300	1.82%
Horizon Mental Health Management, Inc.	Medical services	200-300	1.82%
Wal-Mart	Retail sales	200-300	1.82%
Good Neighbor Homes, Inc	Nursing & residential care	100-200	1.09%
Beverly Home Care	Medical services	100-200	1.09%
District 19 Mental Health and Retardation Services	Medical services	100-200	1.09%
Virginia Linen	Linen processing	100-200	1.09%
Rehabilitation Hospital, Inc	Medical services	100-200	1.09%
Quality Plus Service	Engineering/Construction	100-200	1.09%

Source: Individual City departments

Total Virginia Employment Commission, Quarterly Census of Employment and Wages (QCEW), 2012

People who live and work in the area	2,911
In-commuters	10,793
Total City employment	<u>13,704</u>
In-commuters	<u>9,592</u>
Total City employment	<u><u>23,296</u></u>

Data for the previous ninth year is unavailable at publication.

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

<u>Function</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City:										
Salaried	681	686	695	704	772	789	770	773	770	608
Part-time temporary	226	234	252	299	299	332	320	322	300	229
Public safety										
Police protection	147	147	130	145	160	160	160	160	166	152
Fire protection	94	94	96	95	97	97	100	98	98	98
Jail facilities	87	88	91	89	88	88	94	94	95	95
School Board										
Administrative personnel	42	54	38	38	37.5	33.5	37	37	37	37
Instructional personnel	432	429	465	447	557	529.5	617	617	617	617
All other personnel	415	403	291	287	173.5	167.5	183	183	183	183
Totals *	<u>1,796</u>	<u>1,806</u>	<u>1,741</u>	<u>1,775</u>	<u>1,839</u>	<u>1,852</u>	<u>1,927</u>	<u>1,932</u>	<u>1,907</u>	<u>1,674</u>

Source: Human Resources and School Board

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

CITY OF PETERSBURG, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years

	2006	2007	2008	2009	2010
Police protection:					
Law violations	20,398	19,190	9,666	n/a	n/a
Traffic violations	8,207	11,961	8,866	n/a	n/a
Arrests reported:					
Adults	4,227	4,428	3,433	n/a	n/a
Juveniles	370	315	232	n/a	n/a
Calls for service	61,265	55,193	53,023	n/a	n/a
Jail facility inmates:					
Jail	182	210	213	202	202
Jail annex	61	28	21	48	227
Riverside Regional	89	148	61	128	124
Community Development:					
Building permits:					
Number issued	1,245	1,336	1,444	1,249	1,021
Valuation	\$ 44,724,170	\$ 116,953,757	\$ 88,818,121	\$ 42,719,115	\$ 38,289,390
Public Utilities:					
Number of active consumers	11,399	10,365	11,028	10,467	11,247
Water purchased (annually)-gallons	1.7 billion	1.7 billion	1.64 billion	1.654 billion	1.750 billion

n/a = not available at publication

Source: Individual City departments

Table 18

2011	2012	2013	2014	2015
n/a	n/a	6,776	6,165	n/a
11,011	11,194	8,390	6,429	n/a
2,679	3,727	3,194	2,626	n/a
105	111	95	77	n/a
70,564	70,892	37,572	44,550	n/a
184	140	191	178	n/a
30	25	26	30	n/a
132	115	86	100	n/a
925	1,084	904	865	771
\$ 60,225,074	\$ 30,400,872	38,993,367	16,068,316	31,578,787
11,165	11,165	11,388	12,297	12,297
1.900 billion	1.800 billion	1.73 billion	1.6 billion	1.6 billion

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire protection:										
Number of stations	4	4	4	4	4	4	4	4	3	3
Public works:										
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	3,335	3,335
Traffic signals:										
Signalized intersections	57	57	57	57	57	57	58	58	62	62
Lights	1,430	1,430	1,430	1,430	1,430	1,430	1,450	1,450	1,450	1,450
Heads	467	467	467	467	467	467	464	464	464	464
Curbs	39	39	39	39	39	39	39	39	39	39
School signals (flashing lights)	11	11	11	11	11	11	18	18	18	18
Other signals (flashing lights)	4	4	4	4	4	4	7	7	7	7
Caution flashing lights	17	17	17	17	17	17	14	14	14	14
Pedestrian signals	54	54	54	54	54	54	112	112	112	112
Sewers:										
Storm - miles	19	19	19	19	19	19	19	19	19	19
Sanitary - miles	191	191	191	191	191	191	211	211	211	211
Public Utilities:										
Water mains - miles	254	254	254	254	254	254	275	275	275	275
Number of hydrants	1,230	1,230	1,230	1,230	1,230	1,230	1,378	1,378	1,378	1,378
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
Culture and recreation										
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	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	1	1	1	1
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
Education:										
Schools:										
Senior high school grades 9-12	1	1	1	1	1	1	1	1	1	1
Junior high school grade 8	-	-	-	-	1	1	1	1	1	1
Middle school grades 6-7	2	2	2	2	1	1	1	1	1	1
Elementary schools K-5	7	7	7	7	4	4	4	4	4	4
Early childhood center	-	-	-	-	1	1	1	1	1	1

Source: Individual City departments

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' 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*

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

We have audited, in accordance with the 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, the 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, 2015, and the related notes to the financial statements, which collectively comprise the City of Petersburg, Virginia's basic financial statements, and have issued our report dated November 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Petersburg, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Petersburg, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Petersburg, Virginia's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 20, 2015

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Petersburg, Virginia's compliance with the types of compliance requirements described *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Petersburg, Virginia's major federal programs for the year ended June 30, 2015. City of Petersburg, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Petersburg, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Petersburg, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Petersburg, Virginia complied, in all material respects, with the types of 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, 2015.

Report on Internal Control Over Compliance

Management of the City of Petersburg, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Petersburg, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 City of Petersburg, Virginia's internal control over compliance.

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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 20, 2015

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2015

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110	\$ <u>764,673</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Direct payments:</u>			
Highway Planning and Construction	20.205	N/A	\$ 97,709
Federal Transit Cluster:			
AARA - Federal Transit - Capital Investment Grants	20.500	N/A	275,296
Federal Transit - Formula Grants	20.507	N/A	2,187,270
<u>Pass through payments:</u>			
Division of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	Unknown	<u>67,909</u>
Total Department of Transportation			\$ <u>2,628,184</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Pass through payments:</u>			
Department of Housing and Community Development:			
Community Development Block Grants / States Program and Non-entitlements Grants in Hawaii	14.228	53505-49380	\$ <u>444,873</u>
<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	\$ 10,388
Temporary Assistance for Needy Families	93.558	0400111	922,524
Refugee and Entrant Assistance-State Administered Programs	93.566	0500111	1,327
Low-Income Home Energy Assistance	93.568	0600411	93,653

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2015 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT: (Continued)			
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)</u>			
<u>Pass through payments: (Continued)</u>			
Department of Social Services: (Continued)			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	\$ 123,702
Chafee Education and Training Vouchers Program	93.599	9160110	1,304
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110	5,847
Foster Care-Title IV-E	93.658	1100111	576,014
Adoption Assistance	93.659	1120111	651,151
Social Services Block Grant	93.667	1000111	748,816
Chafee Foster Care Independence Program	93.674	9150110	9,306
Children's Health Insurance Program	93.767	0540111	24,339
Medical Assistance Program	93.778	1200111	<u>855,791</u>
Total Department of Health and Human Services			<u>\$ 4,024,162</u>
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Department of Criminal Justice Services: Equitable Sharing Program	16.922	Unknown	<u>\$ 100,658</u>
<u>DEPARTMENT OF TREASURY:</u>			
<u>Direct payments:</u>			
Forfeited Assets	21.000	n/a	<u>\$ 49,808</u>
<u>DEPARTMENT OF LABOR:</u>			
<u>Pass through payments:</u>			
Crater Regional Workforce Investment Group: Governor's Employment and Training Department: Workforce Investment Act - Youth Activities	17.259	Unknown	<u>\$ 61,318</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unknown	\$ 4,715
Hazard Mitigation Grant	97.039	Unknown	110,250
Emergency Management Performance Grants	97.042	Unknown	10,675
Homeland Security Grant Program	97.067	77501-52708	<u>4,197</u>
Total Department of Homeland Security			<u>\$ 129,837</u>
Total Primary Government			<u><u>\$ 8,203,513</u></u>

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2015 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
COMPONENT UNIT-SCHOOL BOARD:			
DEPARTMENT OF AGRICULTURE:			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food Distribution	10.555	Unknown	\$ 109,790
Department of Education:			
National School Lunch Program	10.555	17901-40623	1,552,485 \$ 1,662,275
School Breakfast Program	10.553	17901-40591	577,012
Fresh Fruit and Vegetable Program	10.582	17901-40599	152,143
Total Department of Agriculture			<u>\$ 2,391,430</u>
DEPARTMENT OF DEFENSE:			
<u>Direct payments:</u>			
ROTC Instruction	12.000	n/a	<u>\$ 70,935</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<u>Pass through payments:</u>			
County of Richmond, Virginia:			
Head Start	93.600	Unknown	<u>\$ 986,432</u>
DEPARTMENT OF EDUCATION:			
<u>Pass through payments:</u>			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 2,126,504
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	17901-43071	1,069,478
Special Education - Preschool Grants	84.173	17901-62521	30,501
Career and Technical Education - Basic Grants to States	84.048	17901-61095	125,331
Education for Homeless Children and Youth	84.196	N/A	13,000
Twenty-first Century Community Learning Centers	84.287	17901-60565	578,876
School Improvement Grants	84.377	17901-43040	397,649
English Language Acquisition State Grants	84.365	17901-60512	22,327
Improving Teacher Quality State Grants	84.367	17901-61480	345,873
Total Department of Education			<u>\$ 4,709,539</u>
Total Component Unit School Board			<u>\$ 8,158,336</u>
Total Expenditures of Federal Awards			<u>\$ 16,361,849</u>

See accompanying notes to the schedule of expenditures of federal awards.

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CITY OF PETERSBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Note 1 - Basis of Presentation

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, 2015. 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 position, or cash flows of the City of Petersburg, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) 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.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - 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	\$ 4,899,084
Capital Projects Fund	2,575
Nonmajor governmental funds	839,288
Mass Transit Fund	2,462,566
Component Unit:	
School Board	<u>8,158,336</u>
Total federal expenditures per basic financial statements	<u>\$ 16,361,849</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 16,361,849</u></u>

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Material weakness(es) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title 1 Grants to Local Educational Agencies
84.287	Twenty-First Century Community Learning Centers
93.558	Temporary Assistance for Needy Families
93.658	Foster Care-Title IV-E
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$490,855
Auditee qualified as low-risk auditee?	Yes

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 - Status of Prior Audit Findings

There are no prior year findings to report.