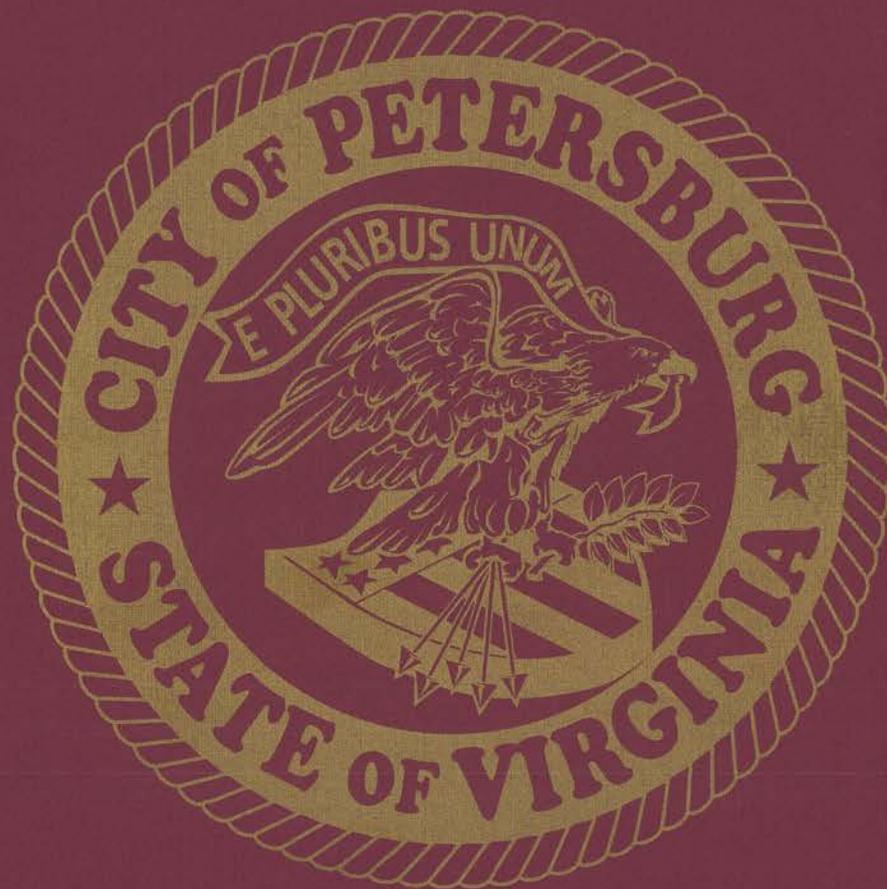
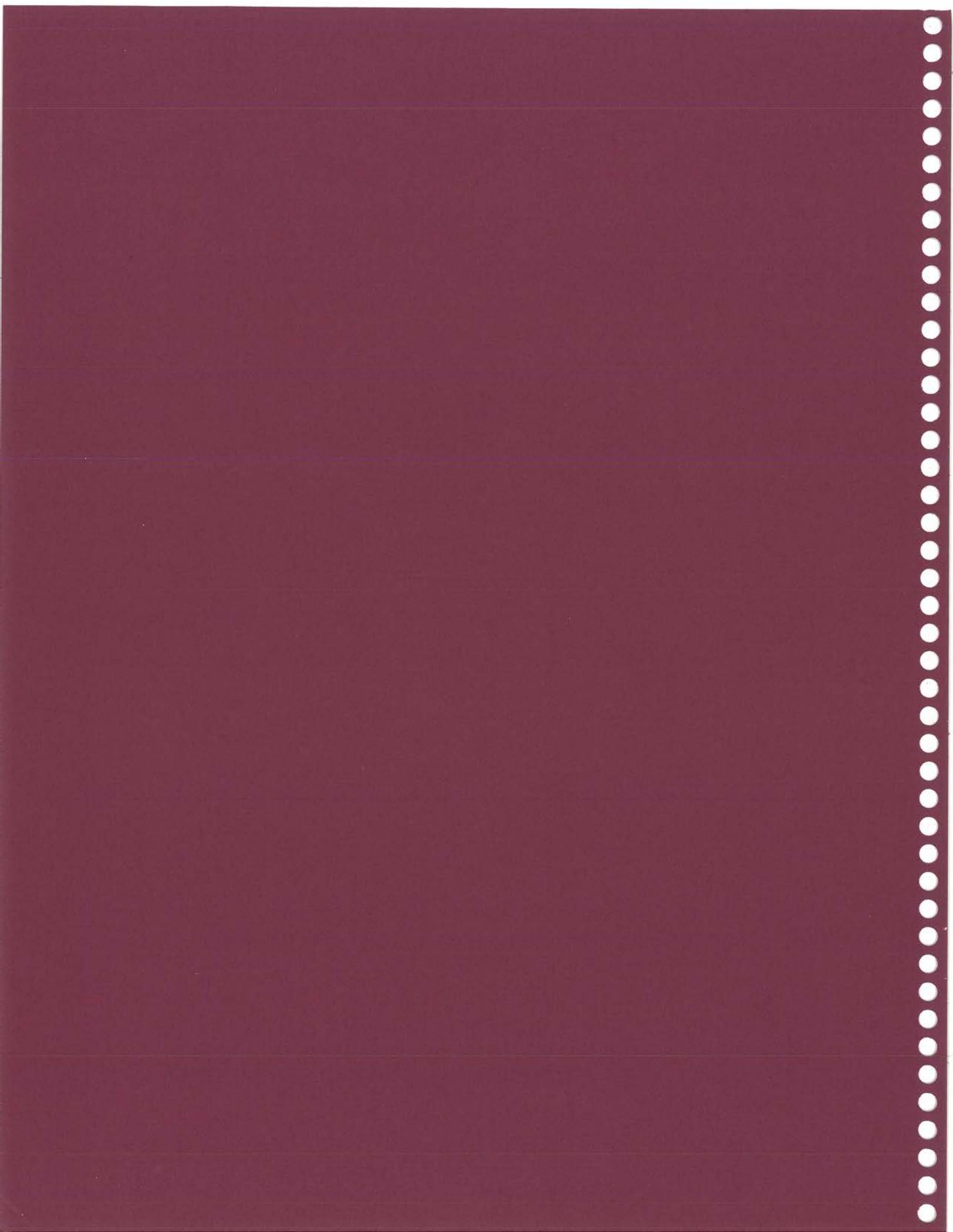


**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**  
City of Petersburg, Virginia



For the Fiscal Year  
ended June 30, 2007



*Be Martin*

**City of Petersburg, Virginia**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2007**

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**Prepared By:**

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Department of Finance  
T. Robertson Blount, Jr., Director of Finance



# CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2007

## TABLE OF CONTENTS

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	<b>Page</b>
<b><u>INTRODUCTORY SECTION</u></b>	
Title Page	i
Table of Contents	iii-v
Directory of Principal Officials	vii
Organizational Chart	ix
Certificate of Achievement for Excellence in Financial Reporting	xi
Letter of Transmittal	xiii-xvi
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-12
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
<b>Government-wide Financial Statements:</b>	
Exhibit 1 Statement of Net Assets	17
Exhibit 2 Statement of Activities	18
<b>Fund Financial Statements:</b>	
Exhibit 3 Balance Sheet—Governmental Funds	21
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	22
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities—Governmental Funds	23
Exhibit 6 Statement of Net Assets—Proprietary Funds	24
Exhibit 7 Statement of Revenues, Expenses and Changes in Net Assets—Proprietary Funds	25
Exhibit 8 Statement of Cash Flows—Proprietary Funds	26

**CITY OF PETERSBURG, VIRGINIA**

Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2007

**TABLE OF CONTENTS**

(Continued)

---

	<u>Page</u>
<b><u>FINANCIAL SECTION: (CONTINUED)</u></b>	
<b><u>BASIC FINANCIAL STATEMENTS: (CONTINUED)</u></b>	
<b>Fund Financial Statements: (continued)</b>	
Exhibit 9 Statement of Fiduciary Net Assets	27
Exhibit 10 Statement of Changes in Fiduciary Net Assets	28
Notes to Basic Financial Statements	29-68
<b><u>REQUIRED SUPPLEMENTARY INFORMATION:</u></b>	
Exhibit 11 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	71
Exhibit 12 Schedule of Pension Funding Progress for the Virginia Retirement System	72
Notes to Required Supplementary Information	73
<b><u>OTHER SUPPLEMENTARY INFORMATION:</u></b>	
<b>Combining and Individual Fund Statements and Schedules:</b>	
Exhibit 13 Combining Balance Sheet—Nonmajor Governmental Funds	78
Exhibit 14 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds	79
Exhibit 15 Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Governmental Funds—Special Revenue Funds	80-81
Exhibit 16 Combining Balance Sheet—Agency Funds	82
Exhibit 17 Combining Statement of Changes in Assets and Liabilities—Agency Funds	83
<b>Supporting Schedules:</b>	
Schedule 1 Governmental Funds Schedule of Revenues—Budget and Actual	87-91
Schedule 2 Governmental Funds Schedule of Expenditures—Budget and Actual	92-97

# CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2007

## TABLE OF CONTENTS (Continued)

	<u>Page</u>	
<b><u>STATISTICAL SECTION:</u></b>		
<b><u>Financial Trends</u></b>		
Table 1	Net Assets by Component—Last Ten Fiscal Years	101
Table 2	Changes in Net Assets—Last Ten Fiscal Years	102-103
Table 3	Governmental Activities Tax Revenues by Source (Accrual Basis)—Last Ten Fiscal Years	104
Table 4	Fund Balances of Governmental Funds—Last Ten Fiscal Years	105
Table 5	Changes in Fund Balances of Governmental Funds—Last Ten Fiscal Years	106
Table 6	Governmental Activities Tax Revenues by Source—Last Ten Fiscal Years	107
<b><u>Revenue Capacity</u></b>		
Table 7	Assessed and Estimated Valuation of All Taxable Property—Last Ten Fiscal Years	108
Table 8	Property Tax Rates—Last Ten Fiscal Years	109
Table 9	Principal Taxpayers—Current Year and Nine Years Ago	110
Table 10	Property Tax Levies and Collections—Last Ten Fiscal Years	111
<b><u>Debt Capacity</u></b>		
Table 11	Ratio of Outstanding Obligations by Type—Last Ten Fiscal Years	112
Table 12	Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Obligation Bonded Debt Per Capita—Last Ten Fiscal Years	113
Table 13	Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin	114
Table 14	Revenue Coverage—Last Ten Fiscal Years	115
<b><u>Demographic and Economic Information</u></b>		
Table 15	Demographic, Economic and Census Statistics—Last Ten Fiscal Years	116
<b><u>Operating Information</u></b>		
Table 16	Major Private Employers—Current Year and Nine Years Ago	117
Table 17	Full-time Equivalent Government Employees by Function—Last Ten Fiscal Years	118
Table 18	Operating Indicators by Function—Last Ten Fiscal Years	119
Table 19	Capital Asset Statistics by Function—Last Ten Fiscal Years	120



**CITY OF PETERSBURG, VIRGINIA  
CITY COUNCIL AND EXECUTIVE OFFICERS  
June 30, 2007**

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**CITY COUNCIL**

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

**CONSTITUTIONAL OFFICERS**

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

**CITY ADMINISTRATION**

B. David Canada .....	City Manager
Nykesha D. Jackson .....	Council Clerk
Robert E. Dawson, Esq. ....	City Attorney
Randolph A. Rush .....	City Assessor
T. Robertson Blount, Jr. ....	Director of Finance
Tami M. Champ-Yerby .....	Director of Parks and Leisure Services
Leonard A. Muse .....	Director of Planning
Wayne Crocker .....	Library Director
Vandy V. Jones, III .....	Manager of Economic Development
Kimberley D. Willis .....	Director of Social Services
Kevin Kirby .....	Museums Manager
Michael D. Briddell .....	Acting Director of Public Works
Thomas C. Hairston .....	Fire Chief
Claristine Moore .....	Director of Human Resources
John I. Dixon III .....	Chief of Police

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# 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, 2006

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



President

Executive Director

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# City of Petersburg

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

City Hall Annex  
Petersburg, VA 23803

November 17, 2008

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, 2007, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

Budgetary Controls: The City maintains budgetary controls. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund and Special

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

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

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

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

The region's primary medical services facility, Southside Regional Medical Center (SRMC), is located in the City. The facility, which includes an outpatient cancer treatment center, a nursing school, and a specialty healthcare center, employs over 1,400 people. SRMC has been approved for a new 300 bed hospital by the State of Virginia. Work on the new SRMC has commenced and the new hospital is projected to open by year end 2008. This facility is estimated to carry a capital investment of \$125 million.

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

Petersburg continues to experience economic development success throughout the City. Industrial activity was highlighted with the recent groundbreaking at Boehringer Ingelheimer Chemicals of \$142 million expansion of their existing pharmaceutical business with the

creation of 65 additional jobs. Development in the southeast portion of the City is highlighted by the previously mentioned hospital projects on South Crater Road. Star Tex has opened a call center in the Pine Plaza Shopping Center and today employs approximately 500. Downtown continues to see an influx of private investment highlighted by the conversions of older commercial and industrial buildings into mixed use projects with ground floor commercial and upper story residential space.

Visitation to the City is enhanced through events such as the Friday for the Arts, the Intercultural Festival, the Farmer's Market, the East Coast Bowl, Nostalgiafest and various events held at the Petersburg Sports Complex.

## **MAJOR INITIATIVES**

Transportation: The City has approved the expansion of transit services by extending routes to Prince George, Hopewell, Colonial Heights and Chester. Through a partnership with the Transit Authority of Richmond, local patrons are offered round-trip bus service between Petersburg and Richmond. The City is in the final design phase of a Multi-modal Transportation Center which will cost an estimated \$16 million.

Communications: The City has completed installation of an 800 MHz communications system at a cost of approximately \$9,400,000, including equipment. The 800 MHz communications system permits the City to enhance the reliability of communications among the City organizations and agencies responsible for the delivery of public safety services and provide for interoperability with other localities in the Richmond metropolitan area.

Education: During the current year, the City of Petersburg received approximately \$1.1 million of Qualified Zone Academy Bonds (QZAB). QZAB's are taxable bonds issued by a state or local government, the proceeds of which are to be used for qualified purposes for improvements to eligible public schools. The proceeds were used for building rehabilitations and repairs at City elementary schools, Petersburg High School and Peabody Middle School. In lieu of interest payments from the issuer (the City), the bond purchaser receives a federal income tax credit for each year the bond is outstanding. This credit functions as interest payments and is designed to compensate the QZAB holder for lending money.

Cash Management: The City uses a pooled cash concept to allow greater investment flexibility, and consequently, a better investment return. Cash from all funds, except those restricted for specific purposes or managed by fiscal agents, is pooled for investment purposes.

Risk Management: The City maintains insurance coverage for automobile liability, general liability, property liability and workers' compensation. The City purchases law enforcement liability coverage through a government management insurance pool. The City's Purchasing Agent is continually reviewing and monitoring the insurance industry and the City's exposure to various liability risks. We believe the City's assets are adequately covered by insurance.

## **OTHER INFORMATION**

Management's Discussion and Analysis: GAAP require management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to

complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

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

The City has made numerous adjustments to its beginning fund balances and net assets. Please refer to footnote 16 for details and clarification. These adjustments were due primarily to corrections of errors as well as changes in interpretations of various agreements.

Awards: The City received a Certificate of Achievement on its FY '06 Comprehensive Annual Financial Report that was submitted to the Government Finance Officers Association of the United States and Canada (GFOA), Certificate for Excellence in Financial Reporting Program. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

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

Respectfully Submitted,



B. David Canada



**KPMG LLP**  
Suite 2000  
1021 East Cary Street  
Richmond, VA 23219-4023

## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia (the City) as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic 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 (specifications). Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in note 16 to the basic financial statements, the respective net assets and fund balances of the governmental activities, business-type activities, general fund, capital projects fund, public utility fund, mass transit fund, and the aggregate remaining fund information as of July 1, 2006 have been restated to correct misstatements from the City's previously issued financial statements, which were audited by other auditors.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over



financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12, the budgetary comparison schedule and related notes on pages 71 and 73, and the schedule of pension funding progress on page 72, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Petersburg's basic financial statements. The Introductory Section, Statistical Section and Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

November 19, 2008

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **June 30, 2007**

---

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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$45,875,674 (net assets). Of this amount, \$9,308,336 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$20,612,725, an increase of \$2,861,378 in comparison with the prior year. Forty-nine percent of this amount (\$10,064,469) is available for spending at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$10,227,794, or 15 percent of total General Fund expenditures.

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

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

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

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

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

## **Overview of the Financial Statements (Continued)**

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

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

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

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 its 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 two 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 and mass transportation 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 and mass transportation activities all of which are considered to be major funds of the City.

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

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

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

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a City's financial position. In the case of the City, assets exceeded liabilities by \$45,875,674 at the close of the fiscal year.

**Government-wide Financial Analysis (Continued)**

**City of Petersburg, Virginia  
Schedule of Assets, Liabilities and Net Assets  
Governmental and Business-Type Activities  
As of the Fiscal Years Ended June 30, 2007 and 2006**

	Governmental Activities		Business-type Activities		Totals	
	2007	Restated 2006	2007	Restated 2006	2007	Restated 2006
	Current and other assets	\$ 27,635,099	\$ 26,010,638	\$ 4,062,664	\$ 6,127,137	\$ 31,697,763
Capital assets	48,472,562	47,397,523	22,297,231	19,546,712	70,769,793	66,944,235
Total assets	<u>76,107,661</u>	<u>73,408,161</u>	<u>26,359,895</u>	<u>25,673,849</u>	<u>102,467,556</u>	<u>99,082,010</u>
Current liabilities	9,243,958	9,212,668	1,909,044	1,930,003	11,153,002	11,142,671
Long-term liabilities outstanding	41,272,901	39,351,418	4,165,979	4,650,516	45,438,880	44,001,934
Total liabilities	<u>50,516,859</u>	<u>48,564,086</u>	<u>6,075,023</u>	<u>6,580,519</u>	<u>56,591,882</u>	<u>55,144,605</u>
Net assets:						
Invested in capital assets, net of related debt	11,349,587	12,924,280	17,746,920	14,181,680	29,096,507	27,105,960
Restricted	1,934,491	1,794,038	5,536,340	5,917,000	7,470,831	7,711,038
Unrestricted	12,306,724	10,125,757	(2,998,388)	(1,005,350)	9,308,336	9,120,407
Total net assets	<u>\$ 25,590,802</u>	<u>\$ 24,844,075</u>	<u>\$ 20,284,872</u>	<u>\$ 19,093,330</u>	<u>\$ 45,875,674</u>	<u>\$ 43,937,405</u>

The 2006 amounts have been restated in a manner that is consistent with the matters discussed in Note 16.

A large part of the City's net assets (63%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

## Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities increased the City's net assets by \$746,727, while business-type activities increased \$1,191,542. Key elements of these increases are as follows:

City of Petersburg, Virginia  
Changes in Net Assets  
Governmental and Business-Type Activities  
For Fiscal Years Ended June 30, 2007 and 2006

	Governmental Activities		Business-type Activities		Totals	
	2007	Restated 2006	2007	Restated 2006	2007	Restated 2006
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 4,106,288	\$ 3,529,622	\$ 6,993,101	\$ 6,696,393	\$ 11,099,389	\$ 10,226,015
Operating grants and contributions	25,505,914	26,780,795	1,209,175	831,372	26,715,089	27,612,167
Capital grants and contributions	2,922,112	639,704	2,542,369	1,054,570	5,464,481	1,694,274
<b>General revenues:</b>						
General property taxes	26,502,531	24,990,058	-	-	26,502,531	24,990,058
Other local taxes	13,700,105	12,910,812	-	-	13,700,105	12,910,812
Use of money and property	477,504	506,158	-	-	477,504	506,158
Grants and contributions not restricted to specific programs	2,947,036	3,619,058	-	-	2,947,036	3,619,058
Other general revenues	218,764	910,762	-	-	218,764	910,762
<b>Total revenues</b>	<b>76,380,254</b>	<b>73,886,969</b>	<b>10,744,645</b>	<b>8,582,335</b>	<b>87,124,900</b>	<b>82,469,304</b>
<b>Expenses:</b>						
General government administration	3,678,612	3,601,990	-	-	3,678,612	3,601,990
Judicial administration	2,060,239	1,741,756	-	-	2,060,239	1,741,756
Public safety	24,813,123	23,288,625	-	-	24,813,123	23,288,625
Public works	14,099,461	12,827,885	-	-	14,099,461	12,827,885
Health and welfare	14,564,276	13,997,163	-	-	14,564,276	13,997,163
Education	9,204,061	9,266,725	-	-	9,204,061	9,266,725
Parks, recreation, and cultural	2,685,776	2,935,100	-	-	2,685,776	2,935,100
Community development	2,555,722	2,887,401	-	-	2,555,722	2,887,401
Interest	1,327,726	1,646,992	-	-	1,327,726	1,646,992
Public Utility	-	-	7,273,942	7,262,502	7,273,942	7,262,502
Mass Transit	-	-	2,923,692	2,329,232	2,923,692	2,329,232
<b>Total expenses</b>	<b>74,988,996</b>	<b>72,193,637</b>	<b>10,197,634</b>	<b>9,591,734</b>	<b>85,186,630</b>	<b>81,785,371</b>
<b>Change in net assets before transfers</b>	<b>1,391,258</b>	<b>1,693,332</b>	<b>547,011</b>	<b>(1,009,399)</b>	<b>1,938,269</b>	<b>683,933</b>
<b>Transfers</b>	<b>(644,531)</b>	<b>(1,516,969)</b>	<b>644,531</b>	<b>1,516,969</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>746,727</b>	<b>176,363</b>	<b>1,191,542</b>	<b>507,570</b>	<b>1,938,269</b>	<b>683,933</b>
<b>Net assets beginning of year, as restated</b>	<b>24,844,075</b>	<b>24,667,712</b>	<b>19,093,330</b>	<b>18,585,760</b>	<b>43,937,405</b>	<b>43,253,472</b>
<b>Net assets end of year</b>	<b>\$ 25,590,802</b>	<b>\$ 24,844,075</b>	<b>\$ 20,284,872</b>	<b>\$ 19,093,330</b>	<b>\$ 45,875,674</b>	<b>\$ 43,937,405</b>

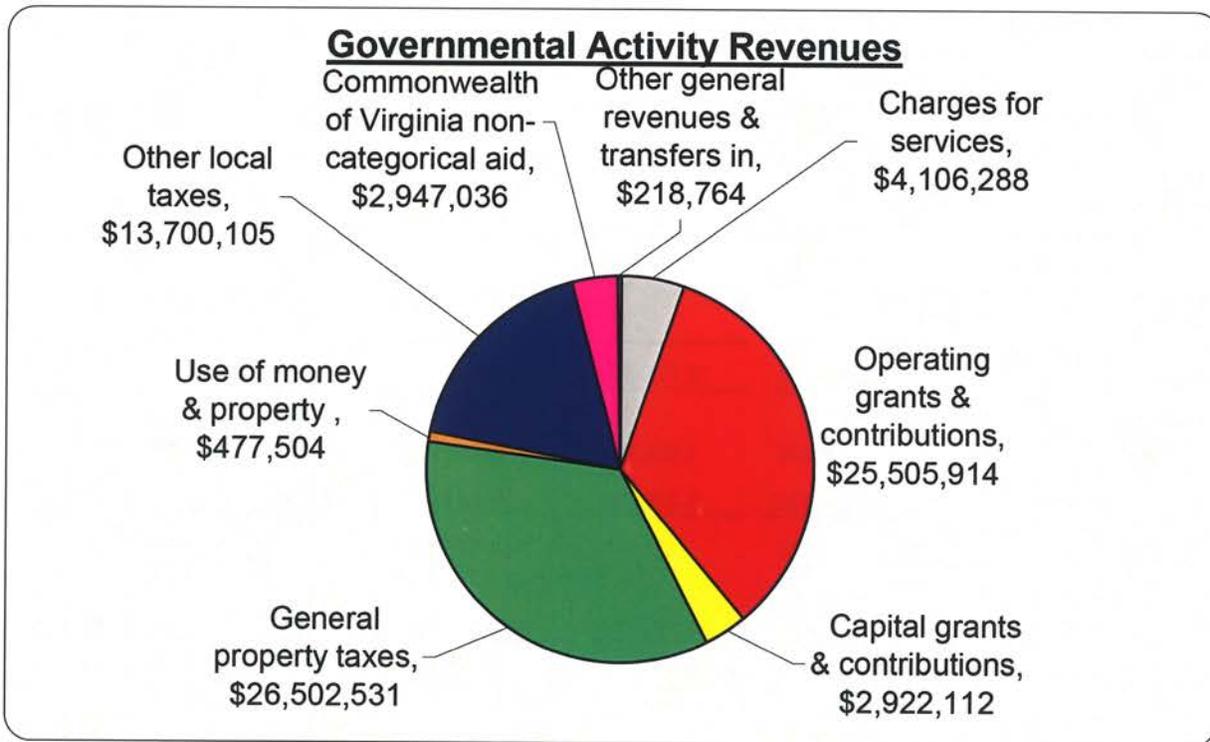
The 2006 amounts have been restated in a manner that is consistent with the matters discussed in Note 16.

**Government-wide Financial Analysis (Continued)**

The City's net assets increased \$1,938,269 during the current fiscal year. This increase was reflective of an increase in net assets of business-type activities of \$1,191,542 and an increase of \$746,727 in governmental activities. Governmental activity revenues increased from \$73,886,969 to \$76,380,254 an increase of \$2,493,285. The more significant increases are noted in property taxes (\$1,512,473) and capital grants and contributions, which increased primarily due to the receipt of a donation from a private foundation of \$1,575,000. Governmental expenses increased from \$72,193,637 to \$74,988,996 or \$2,795,359. Key elements of increases are noted in Public Safety and Public Works. Expenses for operating the City Police Department increased from \$8,049,458 in FY '06 to \$8,477,631 in FY '07, primarily due to salary supplements. Public works' expenses increased due to an increase in street maintenance costs of \$582,823 and building maintenance costs of \$691,653. Overall, the City changes in net assets for governmental activities were \$746,727, or 1% of expenses.

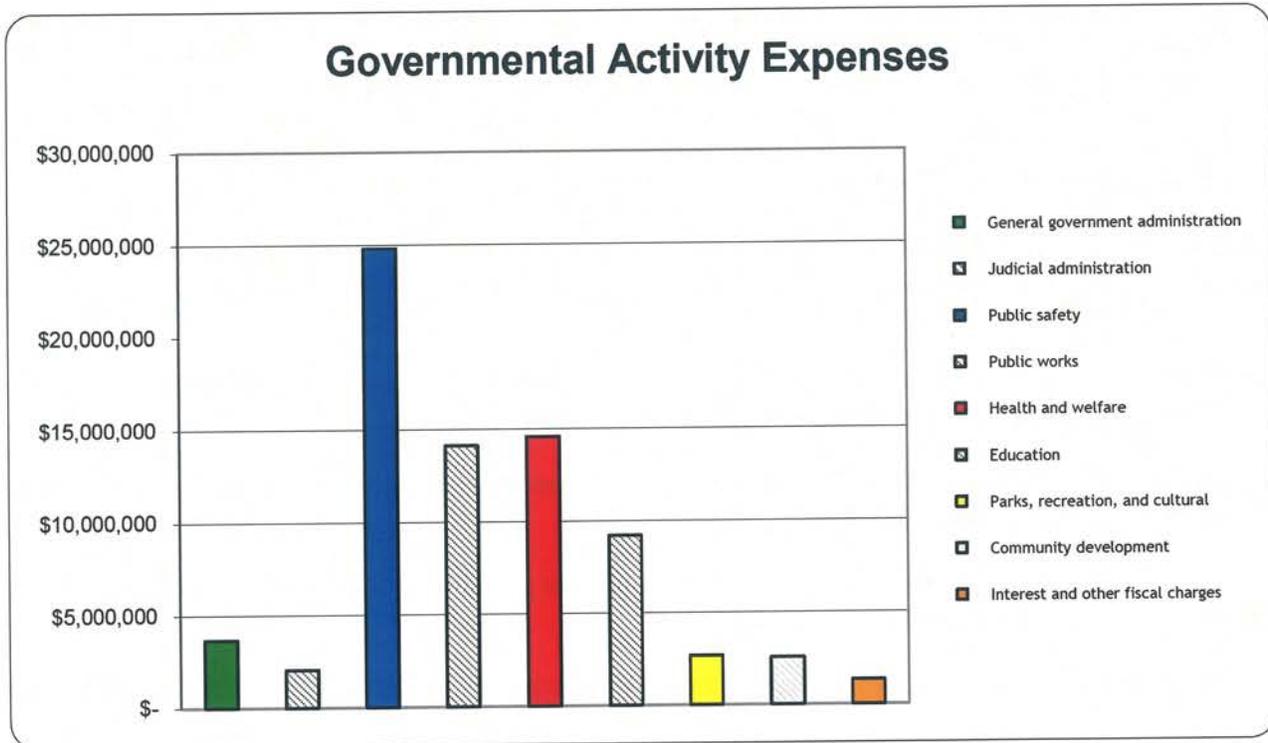
Net assets increased in the business-type activities by \$1,191,542. This increase is attributed principally to the accrual of Federal and state grant receivables for the reimbursement of the cost of nine new buses in the Mass Transit Fund. The City's Public Utility Fund operating expenses increased by \$19,186 as operating activities remained about the same as FY '06. In addition, operating revenues increased by \$276,095. The City's Mass Transit Fund incurred an increase in operating expenses of \$594,460, primarily attributable to depreciation. The state and Federal government continue to subsidize the program for both operating and capital purposes which can tend to distort results as capital revenues are recorded as revenues while capital expenses are capitalized and depreciated over their useful lives. The Mass Transit Fund's net assets increased \$1,498,392 from the prior year.

The chart below provides an overview of FY 06-07 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 used 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 \$20,612,725, an increase of \$2,861,378 in comparison with the prior year. Approximately 49% of this total amount (\$10,064,469) constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed or is not available for appropriation:

1) Construction commitments	\$ 926,096
2) Encumbrances	\$ 441,550
3) Inventory	\$4,695,716
4) Debt service	\$ 515,000
5) Landfill closure and post-closure monitoring costs	\$1,500,000
6) Future expenditure for community development	\$ 535,403
7) Asset forfeiture	\$ 105,999
8) Future expenditure for Blandford Cemetery perpetual care	\$1,807,595
9) Future expenditure for Clara J. McKenney Memorial Fund scholarships	\$ 18,897
10) Future expenditure of library endowment funds	\$ 2,000

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

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$10,227,794, while the total fund balance was \$18,412,155. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 14.5% of total General Fund expenditures, while total fund balance represents 26.2% of that same amount.

The fund balance of the City's General Fund increased \$2,844,702 during the current fiscal year. Key factors in the increase are as follows:

- An increase in general property taxes of \$1,840,244 due to an increase in the personal property tax rate from \$4.30 per \$100 assessment to \$4.40 and an increase in the real property tax assessment of approximately \$33 million.
- Other local tax revenues increased \$789,293 due primarily to increases in local sales and use taxes (\$893,763) and increases in business license taxes (\$250,924).
- An increase of \$2,149,436 in Public Works' expenditures due primarily to the increase in street and building maintenance expenditures.
- An increase in public safety expenditures of \$410,552 due primarily to increases in law enforcement and adult confinement expenditures.
- A decrease in the City's local contribution to the City School Board of \$1,360,178 from the prior year.
- An increase of \$448,228 in health and welfare expenditures due to increased social services expenditures of \$348,671 as well as other social service programs.

The City's other governmental funds reflected overall increases in fund balances of \$16,676. The Capital Projects fund balance decreased \$143,991 and the other non-major funds increased \$160,667. These fluctuations were primarily caused by the City issuing debt totaling \$4,000,000 to fund a golf course renovation and the City expending \$6,191,935 in various projects. The largest expenditures were for the radio tower (\$1,427,420) and the golf course (\$2,435,727). In addition, the City expended \$400,000 on property for a library.

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

Unrestricted net assets (deficit) of the Public Utility Fund and Mass Transit Fund at the end of the year were (\$1,474,972) and (\$1,523,416) respectively. The total change in net assets for these funds was \$1,191,542. This increase is primarily attributable to the increase in net assets of the Mass Transit Fund of \$1,498,392, which is due to the accrual of significant capital grants for the acquisition of buses during the year, where the offset is a capital asset to be depreciated over its useful life and not a current expense.

## **General Fund Budgetary Highlights**

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

- An increase of \$237,790 for comprehensive services as a result of more mandated case loads
- An increase of \$168,559 for social services due to increased programs and case load requirements
- An increase of \$844,979 in police department for state and Federal grants and salary supplements
- An increase of \$905,897 in fire department for an Emergency Management Services grant and salary supplements
- An increase of \$268,000 in the parks and leisure services department due to costs associated with the golf course

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

As noted earlier, most of these programs are funded from state and Federal grant sources. Budgeted revenue amounts from the Commonwealth of Virginia and Federal government were increased by a combined \$751,480. During the year ended June 30, 2007, there were no significant increases in local revenue budgeted amounts.

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

- The utility cost of fuel, water and power for all governmental operations exceeded the \$900,000 budget by \$309,800.
- The vehicle fuel cost to operate the public works fleet exceeded the budget by \$24,000.
- Major repairs to the City's stormwater drainage infrastructure exceeded the budget by \$146,500.
- Road materials and supplies exceeded the budget by \$113,100.
- The engineering review of the construction plans for the new hospital was contracted at a cost of \$72,000 in excess of budgeted funds.
- The design and construction of the Old Towne Kiosk exceeded the budget by \$65,000.
- The operations of the sanitary landfill exceeded the budget by \$134,000.
- The cost of supplies for the recreation programs and activities exceeded the budgeted amount by \$86,500.

## **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, 2007 totaled \$70,769,793 (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 \$5,713,717 in the governmental activities and \$1,073,920 in the business-type activities. The City's governmental capital assets, net of accumulated depreciation, increased \$1,075,039 due primarily to the increase in construction in progress of the golf course. The City's business-type capital assets, net of accumulated depreciation, increased \$2,750,519, due primarily to the addition of nine buses to the Mass Transit fleet. More detailed information on the City's capital assets can be found in note 6 of this report.

**Long-term debt** - At the end of the current fiscal year, the City governmental activities had total long-term obligations outstanding of \$44,381,085 and the business-type activities had \$4,699,775. Of these amounts \$23,859,970 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 a note in the amount of \$4,000,000 for the golf course project, issued \$1,116,857 in Qualified Zone Academy Bonds for education projects, and issued capital lease obligations in the amount of \$300,000 for equipment purchases. Additionally, the City issued \$432,435 in additional bond anticipation notes and refinanced this debt during the year. The City also issued and redeemed \$5,000,000 of tax revenue anticipation notes during the year. More detailed information on the City's long-term obligations can be found in the note 7 of this report.

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

Based on available economic data, trends for the local economy have continued to grow. The local unemployment rate was 6.0% at June 30, 2007, which is lower than the 6.6% at June 30, 2006. However, the local unemployment rate is higher than state and national rates.

This factor was considered in preparing the City's budget for the 2008 fiscal year. The budget for FY '08 totals \$84,450,264, which is an increase of \$5,733,000 or 7.28% over the fiscal 2007 approved budget. The real estate tax rate of \$1.35 per \$100 assessment remains unchanged.

### **Economic Factors and Next Year's Budgets and Rates (Continued)**

The City will implement Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2009. This Statement will require the City to report a potentially significant liability for benefits available to future retirees. The impact of this Statement has not yet been determined.

### **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 Director, City Hall Annex, Petersburg, Virginia 23803.

## **Basic Financial Statements**

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**Government-wide Financial Statements**

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Statement of Net Assets  
June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 4,552,424	\$ -	\$ 4,552,424	\$ 1,622,939
Investments	1,484,840	-	1,484,840	82,336
Cash in custody of others	515,000	-	515,000	-
Receivables (net of allowance for uncollectibles):				
Property taxes	3,074,799	-	3,074,799	-
Accounts receivable	1,331,646	1,786,526	3,118,172	370,096
Inventory and land held for resale	4,695,716	379,020	5,074,736	485,554
Prepaid asset	-	435,000	435,000	-
Due from Primary Government	-	-	-	449,256
Internal balances	5,872,167	(5,872,167)	-	-
Due from other governmental units	6,108,507	2,232,945	8,341,452	2,994,432
<b>Total Current Assets</b>	<b>27,635,099</b>	<b>(1,038,676)</b>	<b>26,596,423</b>	<b>6,004,613</b>
<b>Noncurrent Assets:</b>				
Prepaid asset	-	5,101,340	5,101,340	-
Capital assets (net of accumulated depreciation):				
Land	6,049,924	674,911	6,724,835	5,000
Water capacity rights intangible asset	-	3,204,500	3,204,500	-
Utility plant in service	-	13,155,886	13,155,886	-
Vehicles	955,945	2,826,100	3,782,045	935,282
Equipment and machinery	6,723,035	320,573	7,043,608	220,182
Buildings and improvements	23,241,594	-	23,241,594	8,458,304
Infrastructure	7,809,607	-	7,809,607	-
Construction in progress	3,692,457	2,115,261	5,807,718	709,214
<b>Total Capital Assets, net</b>	<b>48,472,562</b>	<b>22,297,231</b>	<b>70,769,793</b>	<b>10,327,982</b>
<b>Total Noncurrent Assets</b>	<b>48,472,562</b>	<b>27,398,571</b>	<b>75,871,133</b>	<b>10,327,982</b>
<b>Total Assets</b>	<b>76,107,661</b>	<b>26,359,895</b>	<b>102,467,556</b>	<b>16,332,595</b>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued expenses	1,895,116	801,887	2,697,003	558,382
Accrued salaries payable	763,886	28,681	792,567	3,365,193
Accrued interest payable	692,690	54,938	747,628	-
Deposits held in escrow	62,446	489,742	552,188	-
Unearned revenue	1,037,956	-	1,037,956	174,188
Due to Component Unit School Board	449,256	-	449,256	-
Due to other governmental units	34,424	-	34,424	-
Bond anticipation notes payable	1,200,000	-	1,200,000	-
Current portion of long-term obligations	3,108,184	533,796	3,641,980	300,768
<b>Total Current Liabilities</b>	<b>9,243,958</b>	<b>1,909,044</b>	<b>11,153,002</b>	<b>4,398,531</b>
<b>Noncurrent Liabilities:</b>				
Noncurrent portion of long-term obligations	41,272,901	4,165,979	45,438,880	2,317,277
<b>Total Liabilities</b>	<b>50,516,859</b>	<b>6,075,023</b>	<b>56,591,882</b>	<b>6,715,808</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	11,349,587	17,746,920	29,096,507	8,184,469
Restricted for SCWA debt service	-	5,536,340	5,536,340	-
Restricted for asset forfeiture	105,999	-	105,999	-
Restricted for perpetual care - nonexpendable	1,828,492	-	1,828,492	-
Unrestricted	12,306,724	(2,998,388)	9,308,336	1,432,318
<b>Total Net Assets</b>	<b>25,590,802</b>	<b>20,284,872</b>	<b>45,875,674</b>	<b>9,616,787</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 76,107,661</b>	<b>\$ 26,359,895</b>	<b>\$ 102,467,556</b>	<b>\$ 16,332,595</b>

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

Statement of Activities  
Fiscal Year Ended June 30, 2007

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets				Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>PRIMARY GOVERNMENT:</b>								
Governmental Activities:								
General government administration	\$ 3,678,612	\$ 191,183	\$ 351,357	\$ -	\$ (3,136,072)	\$ -	\$ (3,136,072)	\$ -
Judicial administration	2,060,239	899,881	1,159,862	-	(496)	-	(496)	-
Public safety	24,813,123	768,688	8,262,300	1,075,000	(14,707,135)	-	(14,707,135)	-
Public works	14,099,461	1,859,992	4,299,951	-	(7,939,518)	-	(7,939,518)	-
Health and welfare	14,564,276	-	10,894,743	-	(3,669,533)	-	(3,669,533)	-
Education	9,204,061	-	317,452	-	(8,886,609)	-	(8,886,609)	-
Parks, recreation, and cultural	2,685,776	173,847	220,249	-	(2,291,680)	-	(2,291,680)	-
Community development	2,555,722	212,697	-	1,847,112	(495,913)	-	(495,913)	-
Interest	1,327,726	-	-	-	(1,327,726)	-	(1,327,726)	-
<b>Total Government Activities</b>	<b>74,988,996</b>	<b>4,106,288</b>	<b>25,505,914</b>	<b>2,922,112</b>	<b>(42,454,682)</b>	<b>-</b>	<b>(42,454,682)</b>	<b>-</b>
Business-Type Activities:								
Public utility	7,273,942	6,540,056	-	420,558	-	(313,328)	(313,328)	-
Mass transit	2,923,692	453,045	1,209,175	2,121,811	-	860,339	860,339	-
<b>Total Business-Type Activities</b>	<b>10,197,634</b>	<b>6,993,101</b>	<b>1,209,175</b>	<b>2,542,369</b>	<b>-</b>	<b>547,011</b>	<b>547,011</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 85,186,630</b>	<b>\$ 11,099,389</b>	<b>\$ 26,715,089</b>	<b>\$ 5,464,481</b>	<b>(42,454,682)</b>	<b>547,011</b>	<b>(41,907,671)</b>	<b>-</b>
<b>COMPONENT UNIT:</b>								
School Board	\$ 52,612,859	\$ 836,856	\$ 42,433,051	\$ 606,178				(8,736,774)
General revenues:								
General property taxes					26,502,531			
Local sales and use taxes					3,815,937			
Communications taxes					904,852			
Consumer utility taxes					2,493,943			
E-911 taxes					499,427			
Business license taxes					3,029,257			
Bank stock taxes					129,661			
Motor vehicle licenses					593,977			
Taxes on recordation and wills					365,098			
Cigarette taxes					134,841			
Admission and amusement taxes					18,312			
Lodging taxes					428,595			
Meals taxes					1,286,205			
Unrestricted revenues from use of money and property					477,504			
Miscellaneous					218,764			
Miscellaneous - Medicare reimbursement					-			27,442
Miscellaneous - Indirect cost - grant administration					-			495,033
Miscellaneous - E-rate reimbursement					-			275,150
Grants and contributions not restricted to specific programs					-			109,985
City contribution to the School Board					2,947,036			231,197
Transfers					-			-
Total general revenues and transfers					644,531			8,359,131
Change in net assets					43,201,409			43,845,940
Net assets - beginning, as restated (note 16)					746,727			1,938,269
Net assets - ending					24,844,075			43,937,405
					\$ 25,590,802		\$ 20,284,872	\$ 45,875,674
								\$ 9,616,787

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

**Fund Financial Statements**

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Balance Sheet - Governmental Funds  
June 30, 2007

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Non Major Funds	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,335,272	\$ 2,381,354	\$ 835,798	\$ 4,552,424
Investments	-	-	1,484,840	1,484,840
Cash in custody of others	515,000	-	-	515,000
Receivables (net of allowances for uncollectibles):				
Taxes	3,074,799	-	-	3,074,799
Accounts	831,646	500,000	-	1,331,646
Inventory and land held for resale	4,695,716	-	-	4,695,716
Due from other funds	6,919,812	6,437	-	6,926,249
Due from other governmental units	5,489,016	-	619,491	6,108,507
<b>Total assets</b>	<b>22,861,261</b>	<b>2,887,791</b>	<b>2,940,129</b>	<b>28,689,181</b>
<b>LIABILITIES:</b>				
Accounts payable	1,685,151	141,189	68,776	1,895,116
Accrued salaries and withholdings payable	763,886	-	-	763,886
Deposits held	62,446	-	-	62,446
Due to other funds	-	579,670	474,412	1,054,082
Due to Component Unit School Board	449,256	-	-	449,256
Due to other governmental units	-	-	34,424	34,424
Unearned revenue	1,488,367	1,030,649	98,230	2,617,246
Bond anticipation note payable	-	1,200,000	-	1,200,000
<b>Total liabilities</b>	<b>4,449,106</b>	<b>2,951,508</b>	<b>675,842</b>	<b>8,076,456</b>
<b>FUND BALANCES:</b>				
Reserved for:				
Inventory and land held for resale	4,695,716	-	-	4,695,716
Asset forfeiture	105,999	-	-	105,999
Capital projects	926,096	-	-	926,096
Debt service	515,000	-	-	515,000
Landfill closure and post-closure monitoring costs	1,500,000	-	-	1,500,000
Community development expenditures	-	-	535,403	535,403
Encumbrances	441,550	-	-	441,550
Permanent Funds - perpetual care of cemetery	-	-	1,807,595	1,807,595
Permanent Funds - McKenney scholarships	-	-	18,897	18,897
Permanent Funds - library endowment	-	-	2,000	2,000
Unreserved, reported in:				
General Fund	10,227,794	-	-	10,227,794
Special Revenue Funds	-	-	(99,608)	(99,608)
Capital Projects Fund	-	(63,717)	-	(63,717)
<b>Total fund balances</b>	<b>18,412,155</b>	<b>(63,717)</b>	<b>2,264,287</b>	<b>20,612,725</b>
<b>Total liabilities and fund balances</b>	<b>22,861,261</b>	<b>2,887,791</b>	<b>2,940,129</b>	<b>28,689,181</b>

Fund balances above

20,612,725

Detailed explanation of adjustments from fund statements to government-wide Statement of Net Assets:

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

48,472,562

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

(692,690)

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

1,579,290

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 Assets.

(44,381,085)

Net assets of Government Activities

\$ 25,590,802

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

Statement of Revenues, Expenditures and Changes in Fund Balances --  
 Governmental Funds  
 Fiscal Year Ended June 30, 2007

	Governmental Fund Types			Total Governmental Funds
	General	Capital Projects	Non Major Funds	
<b>Revenues:</b>				
General property taxes	\$ 26,546,575	\$ -	\$ -	\$ 26,546,575
Other local taxes	13,700,105	-	-	13,700,105
Permits, privilege fees and regulatory licenses	547,715	-	-	547,715
Fines and forfeitures	756,124	-	-	756,124
Revenue from use of money and property	326,810	41,440	109,254	477,504
Charges for services	2,797,249	-	5,200	2,802,449
Miscellaneous	188,764	2,089,647	30,000	2,308,411
Recovered costs	83,658	-	40,347	124,005
<b>Intergovernmental:</b>				
Commonwealth of Virginia	21,278,245	-	399,635	21,677,880
Federal	5,815,433	-	1,778,222	7,593,655
<b>Total revenues</b>	<b>72,040,678</b>	<b>2,131,087</b>	<b>2,362,658</b>	<b>76,534,423</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	3,678,061	-	-	3,678,061
Judicial administration	1,895,420	-	-	1,895,420
Public safety	22,478,291	1,479,180	1,354,704	25,312,175
Public works	10,653,940	519,285	-	11,173,225
Health and welfare	14,296,165	-	-	14,296,165
Education	8,364,031	221,192	253,437	8,838,660
Parks, recreation, and cultural	2,277,053	3,272,729	-	5,549,782
Community development	2,021,346	681,708	158,597	2,861,651
Nondepartmental	707,417	-	-	707,417
<b>Debt service:</b>				
Principal retirement	2,590,060	-	-	2,590,060
Interest and other fiscal charges	1,430,414	17,841	-	1,448,255
<b>Total expenditures</b>	<b>70,392,198</b>	<b>6,191,935</b>	<b>1,766,738</b>	<b>78,350,871</b>
Excess (deficiency) of revenues over expenditures	1,648,480	(4,060,848)	595,920	(1,816,448)
<b>Other financing sources (uses):</b>				
Transfers in	680,149	233,703	168,231	1,082,083
Transfers (out)	(806,284)	(316,846)	(603,484)	(1,726,614)
Issuance of debt	1,322,357	4,000,000	-	5,322,357
<b>Total other financing sources (uses), net</b>	<b>1,196,222</b>	<b>3,916,857</b>	<b>(435,253)</b>	<b>4,677,826</b>
Changes in fund balances	2,844,702	(143,991)	160,667	2,861,378
Fund balances at beginning of year, as restated (note 16)	15,567,453	80,274	2,103,620	17,751,347
<b>Fund balances at end of year</b>	<b>\$ 18,412,155</b>	<b>\$ (63,717)</b>	<b>\$ 2,264,287</b>	<b>\$ 20,612,725</b>

The accompanying notes to the basic 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  
Fiscal Year Ended June 30, 2007

	<u>Primary Governmental Funds</u>
Net change in fund balances - total governmental funds	\$ 2,861,378
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.	
Capital asset additions	6,788,756
Depreciation expense	<u>(5,713,717)</u>
	1,075,039
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in unearned revenues.	(30,164)
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 current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items the same as the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:	
Principal retired on debt	2,590,060
Proceeds from debt issued	<u>(5,322,357)</u>
	(2,732,297)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:	
Change in accrued leave	(238,790)
Change in accrued landfill closure and post-closure monitoring liability	(308,968)
Change in interest payable	<u>120,529</u>
	<u>(427,229)</u>
Change in net assets of governmental activities	<u>\$ 746,727</u>

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

Statement of Net Assets  
 Proprietary Funds  
 June 30, 2007

	Public Utility Fund	Mass Transit Fund	Totals
<b>ASSETS:</b>			
Current Assets:			
Receivables (net of allowance for uncollectibles):			
Accounts receivable	\$ 1,786,526	\$ -	\$ 1,786,526
Due from other governmental units	-	2,232,945	2,232,945
Prepaid asset	435,000	-	435,000
Due from other funds	579,670	-	579,670
Inventory	178,967	200,053	379,020
<b>Total Current Assets</b>	<b>2,980,163</b>	<b>2,432,998</b>	<b>5,413,161</b>
Noncurrent Assets:			
Prepaid asset	5,101,340	-	5,101,340
Capital assets:			
Land	173,898	501,013	674,911
Water capacity rights intangible asset	4,420,000	-	4,420,000
Utility plant in service	24,738,286	1,520,963	26,259,249
Vehicles	1,147,413	5,768,577	6,915,990
Equipment and machinery	1,167,241	243,861	1,411,102
Construction in progress	-	2,115,261	2,115,261
Less accumulated depreciation	(15,193,008)	(4,306,274)	(19,499,282)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>16,453,830</b>	<b>5,843,401</b>	<b>22,297,231</b>
<b>Total Noncurrent Assets</b>	<b>21,555,170</b>	<b>5,843,401</b>	<b>27,398,571</b>
<b>Total assets</b>	<b>24,535,333</b>	<b>8,276,399</b>	<b>32,811,732</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable and accrued expenses	368,688	433,199	801,887
Accrued salaries payable	28,681	-	28,681
Accrued interest payable	54,938	-	54,938
Due to other funds	2,990,976	3,460,861	6,451,837
Customers' deposits payable	489,742	-	489,742
Current portion of long-term obligations	527,561	6,235	533,796
<b>Total Current Liabilities</b>	<b>4,460,586</b>	<b>3,900,295</b>	<b>8,360,881</b>
Noncurrent Liabilities:			
Capital lease obligations	405,116	-	405,116
Compensated absences	78,399	56,119	134,518
Bonds payable	3,626,345	-	3,626,345
<b>Total noncurrent liabilities</b>	<b>4,109,860</b>	<b>56,119</b>	<b>4,165,979</b>
<b>Total liabilities</b>	<b>8,570,446</b>	<b>3,956,414</b>	<b>12,526,860</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	11,903,519	5,843,401	17,746,920
Restricted for SCWA debt service	5,536,340	-	5,536,340
Unrestricted net assets	(1,474,972)	(1,523,416)	(2,998,388)
<b>Total Net Assets</b>	<b>15,964,887</b>	<b>4,319,985</b>	<b>20,284,872</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 24,535,333</b>	<b>\$ 8,276,399</b>	<b>\$ 32,811,732</b>

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

Statement of Revenues, Expenses and Changes in Net Assets --  
 Proprietary Funds  
 Fiscal Year Ended June 30, 2007

	Public Utility Fund	Mass Transit Fund	Totals
Operating revenues:			
Charges for services	\$ 6,445,500	\$ 426,008	\$ 6,871,508
Miscellaneous income	94,556	27,037	121,593
Total operating revenues	<u>6,540,056</u>	<u>453,045</u>	<u>6,993,101</u>
Operating expenses:			
Personal services	1,167,196	1,116,450	2,283,646
Fringe benefits	340,710	267,772	608,482
Contractual services	431,162	535,660	966,822
Wastewater treatment services	2,215,121	-	2,215,121
Water purchased for resale	1,216,528	-	1,216,528
Other charges	679,814	580,575	1,260,389
Depreciation	650,685	423,235	1,073,920
Total operating expenses	<u>6,701,216</u>	<u>2,923,692</u>	<u>9,624,908</u>
Operating (loss)	<u>(161,160)</u>	<u>(2,470,647)</u>	<u>(2,631,807)</u>
Nonoperating revenues (expenses):			
State grants	-	554,580	554,580
Federal grants	-	654,595	654,595
Contribution to SCWA for debt service	(380,660)	-	(380,660)
Interest expense	(192,066)	-	(192,066)
Total nonoperating revenues (expenses), net	<u>(572,726)</u>	<u>1,209,175</u>	<u>636,449</u>
(Loss) before contributions and transfers	(733,886)	(1,261,472)	(1,995,358)
Capital contributions - tap fees and other	420,558	2,121,811	2,542,369
Transfers in	12,697	638,053	650,750
Transfers out	(6,219)	-	(6,219)
Changes in net assets	(306,850)	1,498,392	1,191,542
Net assets at beginning of year, as restated (note 16)	<u>16,271,737</u>	<u>2,821,593</u>	<u>19,093,330</u>
Net assets at end of year	<u>\$ 15,964,887</u>	<u>\$ 4,319,985</u>	<u>\$ 20,284,872</u>

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

Statement of Cash Flows --  
 Proprietary Funds  
 Fiscal Year Ended June 30, 2007

	Public Utility Fund	Mass Transit Fund	Totals
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 6,303,207	\$ 453,045	\$ 6,756,252
Payments to suppliers	(4,523,092)	(1,179,690)	(5,702,782)
Payments to employees (including fringe benefits)	(1,503,767)	(1,376,314)	(2,880,081)
Net cash provided by (used in) operating activities	<u>276,348</u>	<u>(2,102,959)</u>	<u>(1,826,611)</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	(171,235)	(3,302,287)	(3,473,522)
Proceeds from capital lease obligations	94,500	-	94,500
Capital contributions	420,558	84,362	504,920
Interest payments	(213,630)	-	(213,630)
Retirement of indebtedness	(856,721)	-	(856,721)
Net cash used in capital and related financing activities	<u>(726,528)</u>	<u>(3,217,925)</u>	<u>(3,944,453)</u>
<b>Cash flows from noncapital financing activities:</b>			
State and federal grants	-	1,221,970	1,221,970
Transfers from other funds	6,478	638,053	644,531
Increase in due to other funds	443,702	3,460,861	3,904,563
Net cash provided by noncapital financing activities	<u>450,180</u>	<u>5,320,884</u>	<u>5,771,064</u>
Increase in cash and cash equivalents	-	-	-
Cash and cash equivalents at beginning of year	-	-	-
Cash and cash equivalents at end of year	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	(161,160)	(2,470,647)	(2,631,807)
Adjustments to reconcile operating loss to net cash provided by (used in) operations:			
Depreciation	650,685	423,235	1,073,920
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable and due from other governments	(258,076)	-	(258,076)
Inventory	26,402	(14,866)	11,536
Increase (decrease) in:			
Accounts payable	(6,869)	(48,589)	(55,458)
Accrued salaries	6,322	-	6,322
Customer deposits	21,227	-	21,227
Compensated absences	(2,183)	7,908	5,725
Total adjustments	<u>437,508</u>	<u>367,688</u>	<u>805,196</u>
Net cash provided by (used) in operating activities	<u>\$ 276,348</u>	<u>\$ (2,102,959)</u>	<u>\$ (1,826,611)</u>
Noncash investing, capital, and financing activities:			
Contribution to SCWA for debt service from prepaid asset	(380,660)	-	(380,660)
Amount due from state and federal government for acquisition of capital assets	-	2,121,811	2,121,811

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

Statement of Fiduciary Net Assets  
June 30, 2007

	<u>Private- Purpose Trust Hospital Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 175,463	\$ 569,415
Investments	<u>417,756</u>	<u>424,234</u>
Total assets	<u>593,219</u>	<u>993,649</u>
<b>LIABILITIES:</b>		
Accounts payable	130,000	-
Amounts held for inmates	-	456,280
Jail inmate telephone account	-	478,501
Amounts held for social service clients	<u>-</u>	<u>58,868</u>
Total liabilities	130,000	993,649
<b>NET ASSETS</b>		
Held for hospitalization care for welfare recipients	<u>463,219</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 593,219</u>	<u>\$ 993,649</u>

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

Statement of Changes in Fiduciary Net Assets  
 Fiscal Year Ended June 30, 2007

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	<u>Private- Purpose Trust Hospital Trust Fund</u>
<b>Additions:</b>	
Investment income	\$ 32,347
Total additions	<u>32,347</u>
<b>Deductions:</b>	
Hospitalization of social services clients	<u>35,000</u>
Total deductions	<u>35,000</u>
Change in net assets	(2,653)
Net assets - beginning of the year	<u>465,872</u>
Net assets - end of the year	<u>\$ 463,219</u>

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

## CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
as of June 30, 2007

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

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The City of Petersburg, Virginia (the City) was incorporated in 1850, and its current Charter was granted in 1962. The City is governed by an elected seven member City Council. The City operates under a Council/Manager form of government and provides the following primary 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 organization's 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 basic 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, 2007.

*Discretely Presented Component Unit.* The School Board is a discretely presented component unit of the City for the fiscal year ended June 30, 2007.

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 Organizations**

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

None

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

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

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

**Joint Ventures**

**South Central Wastewater Authority**

The South Central Wastewater Authority (SCWA) 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 SCWA 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. For the year ended June 30, 2007, the City's expenditures for wastewater treatment services approximated \$2,215,000 and amortization of prepaid debt service approximated \$380,000. The City does not retain a financial interest in the SCWA.

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

**Riverside Regional Jail Authority**

The Riverside Regional Jail Authority (RRJA) 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, 2007 approximated \$1,640,000. The City does not retain a financial interest in the RRJA.

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

**Appomattox River Water Authority**

The Appomattox River Water Authority (ARWA) 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, 2007 approximated \$1,217,000. 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 Basic Financial Statements  
As of June 30, 2007 (Continued)

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

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**C. Other 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.

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

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

The financial statements of the City have been prepared in conformity with the specifications within the U.S. generally accepted accounting principles (GAAP). The more significant of the City's accounting policies are described below.

Financial Statement Presentation:

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

Government-wide and Fund Financial Statements

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

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

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

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

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

Fund Balances, and the change in net assets for governmental activities as shown on the government-wide Statement of Activities, is presented in a schedule accompanying the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The revenue and expense elements which comprise the reconciliation differences stem from the governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

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

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

The City applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued prior to or on November 30, 1989 in accounting and reporting for its governmental activities as well as business-type activities and enterprise funds. Under GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City elected not to apply FASB pronouncements issued after November 30, 1989.

**Measurement Focus and Basis of Accounting:**

The government-wide financial statements are reported and accounted for on the economic resources measurement focus and the accrual basis of accounting, which include all assets and liabilities associated with governmental and business-type activities. Assets and liabilities associated with fiduciary activities are included in the Statement of Fiduciary Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are 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. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

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

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

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

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

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 governmental funds.

a. General Fund

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

b. Special Revenue Funds – Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the Federal and State Projects Fund and Community Development Act Fund. Both of these funds are considered non-major funds for reporting purposes.

c. Capital Projects Fund – the Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Projects fund is considered a major fund for reporting purposes.

d. Permanent Funds – Permanent funds are used to report the resources that are legally restricted to the extent that only earnings (and not principal) may be used for the purposes that support the City's programs for the benefit of the government or its citizenry. Permanent funds consist of the Blandford Cemetery Perpetual Care, Clara J. McKenney Memorial, and Library Endowment funds. These funds are considered non-major 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.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

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

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. 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 and sewer system.

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

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 Fund 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 do not involve measurement of results of operations. These funds utilize the accrual basis of accounting described in the Proprietary Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. Agency funds include the Special Welfare, Jail Inmate, Drug Seizure and Industrial Development Authority Fund. The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**E. Cash and Cash Equivalents:**

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

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

Investments for the City, as well as for its component unit, are reported at fair value as determined by management based on quotations obtained from readily available sources. The Local Government Investment Pool 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.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

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**F. Investments:**

Investments are stated at fair value which approximates market as determined by management based on quotations obtained from readily available sources.

**G. Receivables and Payables:**

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,173,000 at June 30, 2007 and is composed of the following:

Property taxes - General Fund	\$ 547,000
Refuse and consumer's utility taxes - General Fund	126,000
Public Utility Accounts	500,000
Total	<u>\$ 1,173,000</u>

**H. South Central Wastewater Authority Water Capacity Rights:**

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

**I. Capital Assets:**

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

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**I. Capital Assets: (Continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment of the Primary Government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

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

**J. 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.

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.

**K. Property Taxes**

The City levies real estate and personal property taxes (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 practice of reassessing real estate and personal property annually.

Real estate taxes are payable in equal quarterly installments on September 30, December 31, March 31, and June 30. Personal property taxes are payable in full on June 10. Property taxes are levied to finance activities of the fiscal year in which they are due from the taxpayer. The City bills and collects taxes and recognizes such as revenues when measurable and available in the General Fund and when earned in the governmental activities. Property taxes, net of allowance for uncollectible amounts, not collected within 60 days after year end are reflected as unearned revenue in the governmental fund financial statements. For government-wide reporting, uncollected property taxes, net of allowance for uncollectible amounts, are reported as revenues.

**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.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

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**M. 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 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.

**N. Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The bond anticipation note is reported as a Capital Projects Fund liability because it was not replaced with permanent financing within one year of issue.

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

**O. Fund Equity:**

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

As of June 30, 2007, there were deficit fund balances in the Capital Projects Fund (\$63,717) and the Federal and State Projects Fund (\$99,608). It is anticipated that funds will be transferred from the General Fund to cover these deficits in future years.

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

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**P. Internal and Intra-entity Activity: (Continued)**

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.

**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.

**Note 2—Deposits and Investments:**

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Deposits

All cash, approximately \$6,920,000, of the Primary Government, its discretely presented component unit, and its fiduciary funds is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et.seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

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 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, 2007 all of the City's investments were held in accordance with this policy.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (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, 2007 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

	Fair Quality Ratings				
	AAAm	AAA	AA+	AA	Unrated
Primary Government:					
Local Government Investment Pool	\$ 679,181	\$ -	\$ -	\$ -	\$ -
U.S. Savings Bonds	-	2,000	-	-	-
Corporate debt	-	562,316	460,383	-	-
Municipal/public bonds	-	-	148,887	-	-
U.S. Agency Securities	-	474,063	-	-	-
Total Primary Government investments	<u>\$ 679,181</u>	<u>\$ 1,038,379</u>	<u>\$ 609,270</u>	<u>\$ -</u>	<u>\$ -</u>
School Board Component Unit:					
Local Government Investment Pool	\$ 82,336	\$ -	\$ -	\$ -	\$ -
Total School Board Component Unit investments	<u>\$ 82,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

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

Investment Type	Investment Maturities (in years)				
	Fair Value	1 Year	1-5 Years	6-10 Years	Greater than 10 Years
Primary Government:					
Local Government Investment Pool	\$ 679,181	\$ 679,181	\$ -	\$ -	\$ -
U.S. Savings Bonds	2,000	-	-	-	2,000
Corporate debt	1,171,586	231,112	845,154	95,320	-
U.S. Agency Securities	474,063	202,705	271,358	-	-
Total Primary Government investments	<u>\$ 2,326,830</u>	<u>\$ 1,112,998</u>	<u>\$ 1,116,512</u>	<u>\$ 95,320</u>	<u>\$ 2,000</u>
School Board Component Unit:					
Local Government Investment Pool	\$ 82,336	\$ 82,336	\$ -	\$ -	\$ -
Total School Board Component Unit investments	<u>\$ 82,336</u>	<u>\$ 82,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (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.

The following provides a reconciliation of total cash and investments to the statement of net assets:

	<u>Total Primary Government</u>	<u>School Board Component Unit</u>	<u>Fiduciary Funds</u>
Cash and cash equivalents	\$ 4,552,424	\$ 1,622,939	\$ 744,878
Investments:			
U.S. Savings Bonds	2,000	-	-
Local Government Investment Pool	242,031	82,336	437,150
Corporate Debt	890,411	-	132,288
Municipal/public bonds	-	-	148,887
Federal Agency Bonds/Notes	350,398	-	123,665
	<u>\$ 6,037,264</u>	<u>\$ 1,705,275</u>	<u>\$ 1,586,868</u>

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.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

Concentration of Credit Risk

The City does not have a policy regarding concentration of credit risk. However, the City's investment in cash and investments by type is represented by the following allocation:

	<u>Total Primary Government</u>	<u>School Board Component Unit</u>	<u>Fiduciary Funds</u>
Cash and cash equivalents	75.41%	95.17%	46.94%
Investments:			
U.S. Savings Bond	0.03%	0.00%	0.00%
Local Government Investment Pool	4.01%	4.83%	27.55%
Corporate Debt:			
Baltimore MD PJ Rev Balt City Pkg B AMBAC B/E	0.59%	0.00%	0.00%
Wells Fargo & Co Notes	1.39%	0.00%	5.28%
Alabama Incntvs Fin Auth Spl Oblig Ser B AMBAC B/E Taxable	0.34%	0.00%	0.00%
Pfizer Inc Notes B/E	3.62%	0.00%	3.06%
Virginia St Hsg Dev Auth Rental Hsg Ser A Rev B/E Taxable	4.84%	0.00%	0.00%
Kansas St Dev Fin Ath Rv Pub Employees Retirement Sys 04C Txbl FSA B/E	3.97%	0.00%	0.00%
Virginia St Hsg Dev Ath Mlti Fam Hsg Ser A Rv B/E Txbl	0.00%	0.00%	0.95%
Virginia St Housing Development Authority Series G B/E Taxable	0.00%	0.00%	6.00%
Virginia St Hsg Dev Auth Rental Housing Series J B/E Taxable	0.00%	0.00%	2.43%
Sub-total Corporate Debt	14.75%	0.00%	17.72%
Federal Agency Bonds/Notes:			
Fedl Home Loan Bank Bond B/E	1.31%	0.00%	4.36%
Fedl Farm Credit Bank Cons Systemwide Medium Term Note	4.49%	0.00%	0.00%
Fedl Farm Credit Bank Bond B/E	0.00%	0.00%	3.43%
Sub-total Federal Agency Bonds/Notes	5.80%	0.00%	7.79%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

**Note 3—Due From and To Other Governmental Units:**

At June 30, 2007, the City had receivables due from other governments as follows:

	General Fund	Non-Major Governmental Special Revenue Funds		Total Non- Major Funds	Governmental Funds Total	Business-Type Activities Total
		Federal & State Projects Fund	Community Development Act Fund			Proprietary Fund
						Mass Transit Fund
Commonwealth of Virginia:						
Local sales taxes	\$ 668,827	\$ -	\$ -	\$ -	\$ 668,827	\$ -
Miscellaneous taxes	109,252	-	-	-	109,252	-
Shared expenses	434,784	-	-	-	434,784	-
Public assistance and welfare administration	330,343	-	-	-	330,343	-
Comprehensive services	638,629	-	-	-	638,629	-
Communications tax	319,582	-	-	-	319,582	-
Prisoner day reimbursements	200,433	-	-	-	200,433	-
Miscellaneous grants	6,622	-	-	-	6,622	-
Mass Transit	-	-	-	-	-	365,179
Personal Property Tax Relief Act funds	2,294,331	-	-	-	2,294,331	-
Federal Government:						
Public assistance and welfare administration	479,254	-	-	-	479,254	-
Community Development Block Grant	-	-	232,354	232,354	232,354	-
Miscellaneous grants	6,959	387,137	-	387,137	394,096	-
Mass Transit	-	-	-	-	-	1,867,766
Total due from other governments	<u>\$ 5,489,016</u>	<u>\$ 387,137</u>	<u>\$ 232,354</u>	<u>\$ 619,491</u>	<u>\$ 6,108,507</u>	<u>\$ 2,232,945</u>

As of June 30, 2007, the City had payables due to other governments as follows:

	Federal & State Projects Fund
Commonwealth of Virginia:	
Miscellaneous grants	\$ 25,827
Federal Government:	
Miscellaneous grants	8,597
Total due to other governments	<u>\$ 34,424</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

Individual fund and interfund receivable and payable balances at June 30, 2007 are presented below:

Fund	Due from Other Funds/ Component Unit	Due to Other Funds/ Component Unit
Interfund Balances:		
General	\$ 6,919,812	\$ -
Capital projects - Due from Community Development Act Fund	6,437	579,670
Enterprise:		
Public Utility - Due to General Fund	579,670	2,990,976
Mass Transit - Due to General Fund	-	3,460,861
Non-major funds:		
Federal & State Projects - Due to General Fund	-	303,113
Community Development Act - Due to Capital Projects Fund	-	6,437
Community Development Act - Due to General Fund	-	5,142
Blandford Cemetery Perpetual Care - Due to General Fund	-	159,720
<b>Total</b>	<b><u>7,505,919</u></b>	<b><u>7,505,919</u></b>
Reporting Entity:		
Primary Government - General Fund	-	449,256
School Board - General Fund	449,256	-
<b>Total</b>	<b><u>\$ 449,256</u></b>	<b><u>\$ 449,256</u></b>

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.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

**Interfund Transfers**

Interfund transfers for the year ended June 30, 2007, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Major Funds:		
General - to Federal & State Projects Fund	\$ -	\$ 168,231
General - to Mass Transit	-	638,053
General - from Community Development Act Fund	289,781	-
General - from Blandford Cemetery Perpetual Care Fund	80,000	-
General - from Capital Projects Fund	304,149	-
General - from Public Utility Fund	6,219	-
Capital Projects - to Public Utility Fund	-	12,697
Capital Projects - to General Fund	-	304,149
Capital Projects - from Community Development Act Fund	233,703	-
Enterprise:		
Public Utility	12,697	6,219
Mass Transit	638,053	-
Nonmajor Funds:		
Federal & State Projects	168,231	-
Community Development Act - to General Fund	-	289,781
Community Development Act - to Capital Projects Fund	-	233,703
Blandford Cemetery Perpetual Care - to General Fund	-	80,000
Total	<u>\$ 1,732,833</u>	<u>\$ 1,732,833</u>

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

The transfers from the Community Development Act and the Capital Projects Funds to the General Fund represent the purchase of land held for resale, where the year-end inventory is reported as an asset of the General Fund. The transfers from the Community Development Act Fund to the Capital Projects Fund were primarily to cover the CDBG expenditures that were capital in nature. The transfers from the General Fund to the Mass Transit Fund were to cover the City's share of operating costs.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

**Note 5—Inventory and Land Held for Resale:**

At June 30, 2007, the City has inventory and land held for resale recorded as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Expendable supplies	\$ 136,990	\$ 379,020
Land and building inventory held for resale:		
324 Commercial/residential lots owned in the City	4,526,545	-
8 Commercial buildings owned in Dinwiddie County	<u>32,181</u>	<u>-</u>
Totals	<u>\$ 4,695,716</u>	<u>\$ 379,020</u>

The following is a summary of changes in inventory held for resale for the fiscal year ending June 30, 2007:

	<u>Balance June 30, 2006, as Previously Reported</u>	<u>Restatements</u>		<u>Balance June 30, 2006, as Restated</u>	<u>Purchases</u>	<u>Sales</u>	<u>Balance June 30, 2007</u>
Land and building inventory held for resale:							
324 Commercial/residential lots owned in the City	\$ 3,484,373	\$ 333,333	O,P	\$ 3,817,706	\$ 893,816	\$ 184,977	\$ 4,526,545
8 Commercial buildings owned in Dinwiddie County	<u>32,181</u>	<u>-</u>		<u>32,181</u>	<u>-</u>	<u>-</u>	<u>32,181</u>
Totals	<u>\$ 3,516,554</u>	<u>\$ 333,333</u>		<u>\$ 3,849,887</u>	<u>\$ 893,816</u>	<u>\$ 184,977</u>	<u>\$ 4,558,726</u>

For further details on the 2006 restatement and related alphabetic references above, refer to Note 16.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

**Note 6—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2007:

**Primary Government:**

	Balance June 30, 2006, as Previously Reported	Restatements		Balance June 30, 2006, as Restated	Additions	Deletions	Balance June 30, 2007
<b>Governmental Activities:</b>							
Capital assets, not being depreciated:							
Land	\$ 6,495,844	\$ (1,000,000)	N	\$ 5,495,844	\$ 554,080	\$ -	\$ 6,049,924
Construction in progress	6,454,775	(706,622)	G,M	5,748,153	4,946,005	(7,001,701)	3,692,457
Total capital assets not being depreciated	<u>12,950,619</u>	<u>(1,706,622)</u>		<u>11,243,997</u>	<u>5,500,085</u>	<u>(7,001,701)</u>	<u>9,742,381</u>
Capital assets being depreciated:							
Buildings	53,207,149	-		53,207,149	1,228,715	-	54,435,864
Infrastructure	93,415,354	-		93,415,354	-	-	93,415,354
Vehicles	8,643,009	-		8,643,009	271,380	(265,881)	8,648,508
Equipment (other than vehicles)	1,865,057	112,560	H	1,977,617	6,790,277	-	8,767,894
Total capital assets being depreciated	<u>157,130,569</u>	<u>112,560</u>		<u>157,243,129</u>	<u>8,290,372</u>	<u>(265,881)</u>	<u>165,267,620</u>
Less accumulated depreciation for:							
Buildings	(29,971,062)	-		(29,971,062)	(1,223,208)	-	(31,194,270)
Infrastructure	(82,491,902)	-		(82,491,902)	(3,113,845)	-	(85,605,747)
Vehicles	(7,450,489)	-		(7,450,489)	(507,955)	265,881	(7,692,563)
Equipment	(1,111,352)	(64,798)	H	(1,176,150)	(868,709)	-	(2,044,859)
Total accumulated depreciation	<u>(121,024,805)</u>	<u>(64,798)</u>		<u>(121,089,603)</u>	<u>(5,713,717)</u>	<u>265,881</u>	<u>(126,537,439)</u>
Total capital assets being depreciated, net	<u>36,105,764</u>	<u>47,762</u>		<u>36,153,526</u>	<u>2,576,655</u>	<u>-</u>	<u>38,730,181</u>
Governmental Activities capital assets, net	<u>\$ 49,056,383</u>	<u>\$ (1,658,860)</u>		<u>\$ 47,397,523</u>	<u>\$ 8,076,740</u>	<u>\$ (7,001,701)</u>	<u>\$ 48,472,562</u>

For further details on the 2006 restatement and related alphabetic references above, refer to Note 16.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

**Primary Government: (Continued)**

	Balance June 30, 2006, as Previously Reported	Restatements		Balance June 30, 2006, as Restated	Additions	Deletions	Balance June 30, 2007
<b>Business-type Activities:</b>							
<b>Public Utility Fund:</b>							
Capital assets, not being depreciated:							
Land	\$ 173,898	\$ -		\$ 173,898	\$ -	\$ -	\$ 173,898
Water capacity rights intangible asset	10,500,000	(10,500,000)	T	-	-	-	-
Construction in progress	-	206,622	G	206,622	-	(206,622)	-
Total capital assets not being depreciated	<u>10,673,898</u>	<u>(10,293,378)</u>		<u>380,520</u>	<u>-</u>	<u>(206,622)</u>	<u>173,898</u>
Capital assets being depreciated:							
Plant	23,010,686	1,438,024	H	24,448,710	289,576	-	24,738,286
Water capacity rights intangible asset	-	4,420,000	T	4,420,000	-	-	4,420,000
Vehicles	1,192,679	(87,118)	H	1,105,561	41,852	-	1,147,413
Equipment and machinery	2,264,171	(1,143,359)	H	1,120,812	46,429	-	1,167,241
Total capital assets being depreciated	<u>26,467,536</u>	<u>4,627,547</u>		<u>31,095,083</u>	<u>377,857</u>	<u>-</u>	<u>31,472,940</u>
Less accumulated depreciation for:							
Plant	(12,661,802)	824,289	I	(11,837,513)	(419,080)	-	(12,256,593)
Water capacity rights intangible asset	-	(1,105,000)	T	(1,105,000)	(110,500)	-	(1,215,500)
Vehicles	(453,789)	(356,769)	I	(810,558)	(57,395)	-	(867,953)
Equipment and machinery	(1,266,376)	477,124	I	(789,252)	(63,710)	-	(852,962)
Total accumulated depreciation	<u>(14,381,967)</u>	<u>(160,356)</u>		<u>(14,542,323)</u>	<u>(650,685)</u>	<u>-</u>	<u>(15,193,008)</u>
Total capital assets being depreciated, net	<u>12,085,569</u>	<u>4,467,191</u>		<u>16,552,760</u>	<u>(272,828)</u>	<u>-</u>	<u>16,279,932</u>
Public Utility fund capital assets, net	<u>\$ 22,759,467</u>	<u>\$ (5,826,187)</u>		<u>\$ 16,933,280</u>	<u>\$ (272,828)</u>	<u>\$ (206,622)</u>	<u>\$ 16,453,830</u>

For further details on the 2006 restatement and related alphabetic references above, refer to Note 16.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

**Primary Government: (Continued)**

	Balance June 30, 2006, as Previously Reported	Restatements		Balance June 30, 2006, as Restated	Additions	Deletions	Balance June 30, 2007
<b>Business-type Activities:</b>							
<b>Mass Transit Fund:</b>							
Capital assets, not being depreciated:							
Land	\$ 170,776	\$ -		\$ 170,776	\$ 330,237	\$ -	\$ 501,013
Construction in progress	1,585,873	-		1,585,873	529,388	-	2,115,261
Total capital assets not being depreciated	<u>1,756,649</u>	<u>-</u>		<u>1,756,649</u>	<u>859,625</u>	<u>-</u>	<u>2,616,274</u>
Capital assets being depreciated:							
Plant	1,303,884	11,935 H		1,315,819	205,144	-	1,520,963
Vehicles	3,166,643	21,367 H		3,188,010	2,580,567	-	5,768,577
Equipment and machinery	268,896	(32,903) H		235,993	7,868	-	243,861
Total capital assets being depreciated	<u>4,739,423</u>	<u>399</u>		<u>4,739,822</u>	<u>2,793,579</u>	<u>-</u>	<u>7,533,401</u>
Less accumulated depreciation for:							
Plant	(1,021,491)	242,704		(778,787)	(67,983)	-	(846,770)
Vehicles	(2,609,601)	(258,657)		(2,868,258)	(353,679)	-	(3,221,937)
Equipment and machinery	(227,502)	(8,492)		(235,994)	(1,573)	-	(237,567)
Total accumulated depreciation	<u>(3,858,594)</u>	<u>(24,445) I</u>		<u>(3,883,039)</u>	<u>(423,235)</u>	<u>-</u>	<u>(4,306,274)</u>
Total capital assets being depreciated, net	<u>880,829</u>	<u>(24,046)</u>		<u>856,783</u>	<u>2,370,344</u>	<u>-</u>	<u>3,227,127</u>
Mass Transit fund capital assets, net	<u>\$ 2,637,478</u>	<u>\$ (24,046)</u>		<u>\$ 2,613,432</u>	<u>\$ 3,229,969</u>	<u>\$ -</u>	<u>\$ 5,843,401</u>
Total Business-type Activities capital assets, net	<u>\$ 25,396,945</u>	<u>\$ (5,850,233)</u>		<u>\$ 19,546,712</u>	<u>\$ 2,957,141</u>	<u>\$ (206,622)</u>	<u>\$ 22,297,231</u>

For further details on the 2006 restatement and related alphabetic references above, refer to Note 16.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

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**Primary Government: (Continued)**

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

Governmental activities:	
General government	\$ 74,347
Judicial administration	135,426
Public safety	1,257,517
Public works	3,357,216
Health and welfare	143,859
Education	581,401
Parks, recreation and cultural	152,869
Community development	<u>11,082</u>
Total Governmental activities	<u>5,713,717</u>
Business-type activities:	
Public Utility Fund	650,685
Mass Transit Fund	<u>423,235</u>
Total Business-type activities	<u>\$ 1,073,920</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

**Note 7—Long-Term Obligations**

**Primary Government:**

The following is a summary of changes in long-term and short-term debt obligations of the City for the year ended June 30, 2007:

**Governmental Activities**

Description	Balance June 30, 2006, as Previously Reported	Restatements		Balance June 30, 2006, as Restated	Increases	Decreases	Balance June 30, 2007	Amounts Due Within One Year
Long-term debt transactions:								
General obligation bonds	\$ 15,036,650	\$ -		\$ 15,036,650	\$ -	\$ 1,050,928	\$ 13,985,722	\$ 1,264,566
School Literary Fund loan	6,425,000	-		6,425,000	-	425,000	6,000,000	425,000
School Qualified Zone Academy Bonds	3,147,494	1,831,527	R	4,979,021	1,116,857	314,198	5,781,680	378,453
Note payable	5,732,712	-		5,732,712	4,000,000	476,597	9,256,115	501,515
Capital lease obligations	1,402,397	129,898	L	1,532,295	205,500	323,337	1,414,458	325,438
Landfill closure and post- closure liability	5,589,433	(87,415)	Q	5,502,018	308,968	-	5,810,986	-
Compensated absences	1,893,334	-		1,893,334	242,562	3,772	2,132,124	213,212
<b>Total Governmental Activities   long-term obligations</b>	<b>39,227,020</b>	<b>1,874,010</b>		<b>41,101,030</b>	<b>5,873,887</b>	<b>2,593,832</b>	<b>44,381,085</b>	<b>3,108,184</b>
Short-term debt transactions:								
Anticipation notes	767,565	-		767,565	6,632,435	6,200,000	1,200,000	1,200,000
<b>Total Governmental Activities   obligations</b>	<b>\$ 39,994,585</b>	<b>\$ 1,874,010</b>		<b>\$ 41,868,595</b>	<b>\$ 12,506,322</b>	<b>\$ 8,793,832</b>	<b>\$ 45,581,085</b>	<b>\$ 4,308,184</b>

For further details on the 2006 restatement and related alphabetic references above, refer to Note 16.

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

**Note 7—Long-Term Obligations**

**Primary Government: (Continued)**

Business-Type Activities

	Balance June 30, 2006, as Previously Reported	Restatements	Balance June 30, 2006, as Restated	Increases	Decreases	Balance June 30, 2007	Amounts Due Within One Year
Public Utility Fund:							
General obligation bonds	\$ 4,823,338	\$ -	\$ 4,823,338	\$ -	\$ 730,770	\$ 4,092,568	\$ 448,723
Less:							
Deferred amount on advance refunding	(87,500)	-	(87,500)	-	(35,000)	(52,500)	(35,000)
Net general obligation bonds	4,735,838	-	4,735,838	-	695,770	4,040,068	413,723
Capital lease obligations	487,345	54,349 L	541,694	94,500	125,951	510,243	105,127
Compensated absences	89,293	-	89,293	-	2,183	87,110	8,711
Total Public Utility fund	5,312,476	54,349	5,366,825	94,500	823,904	4,637,421	527,561
Mass Transit Fund:							
Compensated absences	54,446	-	54,446	7,908	-	62,354	6,235
Total Business-type Activities	\$ 5,366,922	\$ 54,349	\$ 5,421,271	\$ 102,408	\$ 823,904	\$ 4,699,775	\$ 533,796

For further details on the 2006 restatement and related alphabetic references above, refer to Note 16.

The general obligation bonds payable above, totaling \$4,092,568, are secured by the full faith and credit of the City. However, bonds payable are expected to be paid from water utility fund service revenues.

The following is a summary of short-term debt transactions of the City for the year ended June 30, 2007:

	Date Issued	Balance June 30, 2006	Issued	Redeemed	Balance June 30, 2007
Bond anticipation note	6/29/2005	\$ 767,565	\$ 432,435	\$ 1,200,000	\$ -
Bond anticipation note	12/1/2006	-	1,200,000	-	1,200,000
Tax Revenue anticipation note	1/23/2007	-	5,000,000	5,000,000	-
		\$ 767,565	\$ 6,632,435	\$ 6,200,000	\$ 1,200,000

- The bond anticipation note was issued to provide interim financing for public building improvements. This note is due to mature June 1, 2008 and is reported as a Capital Projects fund liability at June 30, 2007.
- The tax anticipation note was used to assist the City with its cash flows during the year.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

**Note 7—Long-Term Obligations**

**Primary Government: (Continued)**

Details of long-term indebtedness:

**Primary Government - Governmental Activities:**

<u>Original Amount</u>	<u>Description</u>	<u>Outstanding Amount at June 30, 2007</u>
<b>General Obligation Bonds:</b>		
\$ 5,595,048	Series 1993 general obligation bonds due in annual installments of \$70,000 to \$635,000 through July 2007; interest at 3.1% to 5.375%	\$ 223,289
11,365,000	Series 1997 general obligation bonds due in annual installments of \$255,000 to \$1,285,000 through January 2017; interest at 4.3% to 5.25% (\$8,565,000 of original issue allocated to governmental; \$2,800,000 to business-type)	3,150,172
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%	5,445,000
3,430,000	Series 2004B general obligation refunding bonds due in annual installments of \$60,000 to \$945,000 through March 2013, interest at 3.58% (\$1,330,000 of original issue allocated to governmental; \$2,100,000 to business-type)	1,260,204
4,355,000	Series 2005A general obligation refunding bonds due in annual installments of \$330,000 to \$505,000 through January 15, 2017, interest at 3.35% (\$3,282,057 of original issue allocated to governmental; \$1,072,943 to business-type)	3,282,057
625,000	Series 2005 general obligation bond due July 1, 2011; interest at 6.25%	625,000
	<b>Subtotal general obligation bonds</b>	<b><u>\$ 13,985,722</u></b>
<b>State Literary Fund Loans:</b>		
\$ 7,500,000	State Literary Fund Loan issued December 13, 1999, due in annual installments of \$375,000 through December 15, 2021, interest at 2%	\$ 5,250,000
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%	750,000
	<b>Subtotal State Literary Fund Loans</b>	<b><u>\$ 6,000,000</u></b>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

**Primary Government: (Continued)**

Details of long-term indebtedness: (Continued)

**Primary Government - Governmental Activities: (Continued)**

Original Amount	Description	Outstanding Amount at June 30, 2007
<b>Qualified Zone Academy Bonds:</b>		
\$ 1,400,000	(1) Series 2001 issued December 14, 2001, due in annual installments of \$70,000 through December 15, 2014, final payment of \$204,750 due December 15, 2015	\$ 1,022,174
600,000	(2) Series 2002 issued December 27, 2002, due in annual installments of \$34,124 through December 15, 2015	456,336
2,142,167	(3) Series 2003 issued December 29, 2003, due in annual installments of \$107,700 through December 29, 2017, final payment of \$182,500 due December 29, 2018	1,807,875
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	1,378,438
1,116,857	(5) Series 2006 issued October 31, 2006, due in annual installments of \$54,300 through October 31, 2022, final payment of \$111,686 due October 31, 2023	1,116,857
	<b>Subtotal Qualified Zone Academy Bonds</b>	<b>\$ 5,781,680</b>
<b>Notes Payable:</b>		
\$ 5,732,712	Issued December 8, 2005 for acquisition of 800 MHz Communications System; due in annual installments of \$703,277 through January 9, 2016; interest at 3.9%	\$ 5,256,115
4,000,000	Issued April 18, 2007 for interim financing of construction of golf course; due April 18, 2010; interest at 4.35%	4,000,000
	<b>Subtotal notes payable</b>	<b>\$ 9,256,115</b>
<b>Other Obligations:</b>		
\$ 1,200,000	Bond anticipation note dated December 1, 2006 for public building renovation and landscape improvements; due June 1, 2008; interest at 3.85%	\$ 1,200,000
	Capital lease obligations	\$ 1,414,458
	Landfill closure and post-closure liability	5,810,986
	Compensated absences	2,132,124
	<b>Subtotal other obligations</b>	<b>\$ 10,557,568</b>
	<b>Total governmental activities</b>	<b>\$ 45,581,085</b>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

**Primary Government: (Continued)**

Details of long-term indebtedness: (Continued)

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

Original Amount	Description	Outstanding Amount at June 30, 2007
	<b>General Obligation Bonds:</b>	
\$ 11,365,000	Series 1997 general obligation bonds due in annual installments of \$255,000 to \$1,285,000 through January 2017; interest at 4.3% to 5.25% (\$8,565,000 of original issue allocated to governmental; \$2,800,000 to business-type)	\$ 1,029,828
3,430,000	Series 2004B general obligation refunding bonds due in annual installments of \$60,000 to \$945,000 through March 2013, interest at 3.58% (\$1,330,000 of original issue allocated to governmental; \$2,100,000 to business-type)	1,989,796
4,355,000	Series 2005A general obligation refunding bonds due in annual installments of \$330,000 to \$505,000 through January 15, 2017, interest at 3.35% (\$3,282,057 of original issue allocated to governmental; \$1,072,943 to business-type)	1,072,944
	Total general obligation bonds	<u>\$ 4,092,568</u>
	Less: deferred amount on advance refunding	(52,500)
	<b>Net general obligation bonds</b>	<u><b>4,040,068</b></u>
	<b>Other Obligations:</b>	
	Capital lease obligations	\$ 510,243
	Compensated absences	149,464
	<b>Subtotal other obligations</b>	<u><b>\$ 659,707</b></u>
	<b>Total business-type activities</b>	<u><u><b>\$ 4,699,775</b></u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

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**Primary Government: (Continued)**

Details of long-term indebtedness: (Continued)

- (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.

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.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

**Primary Government: (Continued)**

Annual requirements to amortize long-term obligations and related interest for the governmental activities are as follows:

Year Ending June 30,	General Obligation Bonds		Literary Loans		Qualified Zone Academy Bonds	Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2008	\$ 1,264,566	\$ 818,091	\$ 425,000	\$ 120,000	\$ 378,453	\$ 501,515	\$ 371,002
2009	1,449,946	493,421	425,000	111,500	390,143	517,848	359,429
2010	1,496,651	442,355	425,000	103,000	402,211	4,538,044	347,514
2011	1,263,647	389,998	425,000	94,500	414,670	559,028	144,250
2012	1,943,902	314,142	425,000	86,000	427,534	580,830	122,448
2013-2017	6,352,010	720,156	2,125,000	302,500	2,362,081	2,558,850	254,258
2018-2022	215,000	13,508	1,750,000	90,000	1,269,563	-	-
2023-2027	-	-	-	-	137,025	-	-
Total	<u>\$ 13,985,722</u>	<u>\$ 3,191,671</u>	<u>\$ 6,000,000</u>	<u>\$ 907,500</u>	<u>\$ 5,781,680</u>	<u>\$ 9,256,115</u>	<u>\$ 1,598,901</u>

Annual requirements to amortize long-term obligations and related interest for the business-type activities are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2008	\$ 448,723	\$ 162,769
2009	740,055	145,090
2010	763,349	117,029
2011	351,353	88,617
2012	366,098	74,885
2013-2017	1,422,990	166,590
Total	<u>\$ 4,092,568</u>	<u>\$ 754,980</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

**Primary Government: (Continued)**

Details of the City's capital lease obligations at June 30, 2007 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Capital Leases</b>			
\$508,329 issued August 2005 for the purchase of 15 police cruisers, backhoe and stakebody platform truck, backhoe loader and other equipment; payable in monthly installments of \$9,254; interest at 3.53%	\$ 332,256	\$ -	\$ 332,256
\$1,101,124 issued February 25, 2005 for the purchase of equipment; payable in monthly installments of \$10,940 through March 1, 2015; interest at 3.60%	625,112	261,572	886,684
\$436,109 issued February 25, 2005 for the purchase of 14 police vehicles and utility equipment; payable in monthly installments of \$7,846 through March 1, 2010; interest at 3.05%	207,597	40,458	248,055
\$49,435 issued March 2003 for the purchase of Fire Department fitness equipment; payable in monthly installments of \$891 through April 2008; interest at 3.11%	8,781	-	8,781
\$63,125 issued September 2004 for the purchase of integrated library equipment; payable in monthly installments of \$1,154 through October 2009; interest at 3.70%	29,853	-	29,853
\$19,432 issued February 2006 for the purchase of an assessor vehicle; payable in monthly installments of \$578 through February 2009; interest at 4.50%	11,118	-	11,118
\$339,400 issued October 15, 2003, for the purchase of utility lines and street maintenance equipment; payable in monthly installments of \$7,431 through October 15, 2007; interest at 2.45%	12,925	16,604	29,529
\$137,592 issued March, 2006, for the purchase of 2005 freightliner with equipment; payable in monthly installments of \$2,531; interest at 3.96%	-	105,701	105,701
\$300,000 issued December 17, 2006, for the purchase of litter collection vacuum, street sweeper, postage machine, electronic radio system, three pickups; payable in monthly installments of \$5,546.94; interest at 4.16%	186,816	85,908	272,724
<b>Total capital lease obligations</b>	<b><u>\$ 1,414,458</u></b>	<b><u>\$ 510,243</u></b>	<b><u>\$ 1,924,701</u></b>
Total equipment cost of assets acquired through capital lease	\$ 2,054,612	\$ 725,841	\$ 2,780,453
Total accumulated depreciation on assets acquired through capital lease	(785,675)	(138,243)	(923,918)
Net remaining book value	<u>\$ 1,268,937</u>	<u>\$ 587,598</u>	<u>\$ 1,856,535</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

**Primary Government: (Continued)**

Future capital lease obligations are as follows:

	<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
	2008	\$ 370,676	\$ 122,122
	2009	346,466	105,432
	2010	311,757	101,593
	2011	156,657	82,482
	2012	115,351	49,214
	2013-2017	<u>254,525</u>	<u>106,502</u>
Total minimum lease payments		\$ 1,555,432	\$ 567,345
Less: Amounts representing interest		(140,974)	(57,102)
Present value of minimum lease payments		<u>\$ 1,414,458</u>	<u>\$ 510,243</u>
Less: current portion		(325,438)	(105,127)
Long-term lease obligation at June 30, 2007		<u>\$ 1,089,020</u>	<u>\$ 405,116</u>

Prior years' debt defeasance:

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2007, the amount of defeased debt outstanding amounted to \$13,540,000.

**Note 8—Unearned Revenue:**

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting at the fund level of reporting, such amounts are measurable, but not available. Unearned revenue is comprised of the following:

Unearned Revenue Item	Fund Level			Total Governmental Funds	Government- wide Level
	General Fund	Capital Projects Fund	Federal and State Projects Fund		Governmental Activities
Hospital Road local contribution funding	\$ -	\$ 1,030,649	\$ -	\$ 1,030,649	\$ 1,030,649
Litter Control state grant funding	-	-	7,307	7,307	7,307
Local delinquent real and personal property taxes	1,488,367	-	-	1,488,367	-
Bio-Terrorism federal grant funding	-	-	67,256	67,256	-
Reducing Excessive Absences Program federal grant funding	-	-	13,403	13,403	-
POWER federal grant funding	-	-	10,264	10,264	-
	<u>\$ 1,488,367</u>	<u>\$ 1,030,649</u>	<u>\$ 98,230</u>	<u>\$ 2,617,246</u>	<u>\$ 1,037,956</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

**Note 9—Commitment and Contingencies:**

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Federal programs in which the City and its discretely presented component unit participate are audited yearly in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations (the Single Audit). Pursuant to the provisions of this circular, all major programs and certain other programs are tested for compliance with applicable grant requirements.

While matters of noncompliance were disclosed by the Single Audit audit, in the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

**Note 10—Risk Management:**

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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. There have been no significant reductions in insurance coverage from coverage in the prior year.

**Note 11—Litigation:**

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At June 30, 2007, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

**Note 12—Defined Benefit Pension Plan:**

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**A. Plan Description**

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

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**A. Plan Description (Continued)**

average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from VRS' website at <http://www.varetire.org/pdf/2006AnnuRept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In, addition, the City is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The City employee contribution rate for the fiscal year ended 2007 was 10.9% of annual covered payroll including the 5% employee contribution which has been assumed by the City.

**C. Annual Pension Cost**

For fiscal year ended 2007, the City's annual pension cost of \$1,564,065 was equal to the City's required and actual contributions. The required contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

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

**C. Annual Pension Cost: (Continued)**

	<u>City</u>
Valuation date	June 30, 2006
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, open
Payroll growth rate	2.50%
Remaining amortization period	20 Years
Asset valuation method	Modified market
Actuarial assumptions:	
Investment rate of return <sup>1</sup>	7.50%
Projected salary increases: <sup>1</sup>	
Non LEO Employees	3.75% to 5.60%
LEO Employees	3.50% to 4.75%
Cost-of-living adjustments	2.50%

<sup>1</sup> Includes inflation at 2.50%

Trend information for the City:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2007	\$ 1,564,065	100%	\$ -
June 30, 2006	1,557,663	100%	-
June 30, 2005	1,516,881	100%	-

(1) Employer portion only

**Note 13—Postemployment Benefits Other than Pension Benefits:**

In addition to the pension benefits in Note 12, the City provides health, dental and life insurance benefits to retirees. The City allows retirees to participate in the City's group plan through one provider, Anthem Blue Cross Blue Shield. Any retiree who retires from active service and has participated continuously in the health insurance plan the five years prior to retirement may participate as a retiree. The monthly health insurance premium for retirees are collected from the retirees and remitted to the provider. For the year ended June 30, 2007, there were 59 retiree participants, and the total cost for these participants was \$180,382.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

**Note 14—Landfill Closure and Postclosure Care Costs:**

State and federal laws and regulations require the City to place a final cover on each phase of its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. In accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, the City reported a liability for a portion of these closure and postclosure care costs based on landfill capacity used. The \$5,810,986 reported as a landfill closure, postclosure care cost, and corrective action cost liability as of June 30, 2007 is based on the use of 83.87% of the estimated capacity used to date. The City will recognize the remaining estimated cost of closure and postclosure care of \$741,534 as the remaining estimated capacity is utilized in the existing open cell. These amounts are based on what it would cost to perform all closure and postclosure care in 2007. Actual closure and postclosure care costs may be different due to inflation, changes in technology, or changes in regulations. The landfill's remaining life is estimated to be 4 years. The amount included for corrective action costs is \$1,000,000, as required by the Virginia Department of Environmental Quality, until a formal corrective action plan as submitted by the City is approved and carried out.

The City plans to meet all federal laws, regulations and tests of financial assurance related to the financing of closure and postclosure care when they become effective.

**Note 15—Construction Commitments:**

A summary of construction contract commitments at June 30, 2007 follows:

Project	Authorized Commitment	Expended/ Expensed as of June 30, 2007	Remaining Commitment
Farmer Street Pool Renovation	\$ 218,700	\$ 164,765	\$ 53,935
Farmer's Market Renovation - Exterior Repair	94,500	89,884	4,616
Farmer's Market Renovation - Masonry	48,600	44,572	4,028
Municipal Golf Course Renovation	2,833,650	1,970,133	863,517
	<u>\$ 3,195,450</u>	<u>\$ 2,269,354</u>	<u>\$ 926,096</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

**Note 16—Restatement of Beginning Fund Balances and Net Assets:**

The following adjustments have been made to restate beginning net assets and fund balances:

	Fund Balances										Net Assets	
	Special Revenue Funds					Enterprise Funds					Component Unit - School Board	
	General Fund	Capital Projects Fund	Federal & State Projects Fund	Permanent Fund	Non-Major Funds Total	Governmental Funds Total	Public Utility Fund	Mass Transit Fund	Governmental Activities	Business-Type Activities		
Balances, June 30, 2006, as previously reported	\$ 12,943,799	\$ 383,135	\$ 42,188	\$ -	\$ 2,219,245	\$ 15,546,179	\$ 16,257,632	\$ 1,211,670	\$ 28,843,722	\$ 17,469,302	\$ 8,855,623	
Adjustments:												
Record balance previously omitted	(634,404)	-	-	2,000	2,000	(634,404)	(22,359)	-	2,000	-	-	-
Record accrued salaries and related liabilities	-	-	-	-	-	-	-	-	(634,404)	(22,359)	-	-
Record due from other governments:												
State recordation tax refunds	13,049	-	-	-	-	13,049	-	-	13,049	-	-	-
Rolling stock taxes	56,738	-	-	-	-	56,738	-	-	56,738	-	-	-
Local sales tax (one month)	334,244	-	-	-	-	334,244	-	-	334,244	-	-	-
State sales tax (two months)	-	-	-	-	-	-	-	-	-	-	-	702,391
Adult confinement	194,520	-	-	-	-	194,520	-	-	194,520	-	-	-
Department of Historic Resources grant	13,257	-	-	-	-	13,257	-	-	13,257	-	-	-
Record unbilled waste disposal charges	321,945	-	-	-	-	321,945	-	-	321,945	-	-	-
Record reduction in balance due to Component Unit for additional State Sales Tax receivable	702,391	-	(117,625)	-	(117,625)	702,391	-	(594,004)	(40,582)	(594,004)	(702,391)	
Record beginning grant receivables	-	-	-	-	-	-	206,622	-	(206,622)	206,622	-	-
Reclassify construction in progress	-	-	-	-	-	-	207,547	389	47,762	207,946	-	-
Record additional capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Adjust depreciation due to system calculation corrections	-	-	-	-	-	-	944,644	(24,445)	-	920,199	-	-
Correct bond anticipation note liability reporting	-	(442,565)	-	-	-	(442,565)	-	-	325,000	-	-	-
Reclassify portion of prior deferred revenue	-	139,704	-	-	-	139,704	-	-	139,704	-	-	-
Record capital leases for equipment	-	-	-	-	-	-	(54,349)	-	(129,898)	(54,349)	-	-
Remove Appomattox River Dredging from construction in progress	-	-	-	-	-	-	-	-	(500,000)	-	-	-
Reclassify capital assets to inventory	-	-	-	-	-	-	-	-	(1,000,000)	-	-	-
Reclassify capital assets to inventory	-	-	-	-	-	-	-	-	1,000,000	-	-	-
Correct assets held for resale for portion of industrial park previously disposed of	-	-	-	-	-	-	-	-	(666,666)	-	-	-
Adjust landfill closure liability to balance with Department of Environmental Quality report	-	-	-	-	-	-	-	-	87,415	-	-	-
Adjust balance of Qualified Zone Academy Bond liability to include full balance due at maturity	-	-	-	-	-	-	-	-	(1,831,527)	-	-	-
Record land held for resale in fund statements	3,849,887	-	-	-	-	3,849,887	-	-	-	-	-	-
Adjust SCWA water capacity rights intangible asset and accumulated depreciation	-	-	-	-	-	-	(7,185,000)	-	-	(7,185,000)	-	-
Record interfund activity as operating transfers	(2,227,973)	-	-	-	-	(2,227,973)	5,917,000	2,227,973	(2,227,973)	2,227,973	-	-
Record prepaid asset	-	-	-	-	-	-	-	-	-	-	-	-
Balances, June 30, 2006, as restated	\$ 15,567,453	\$ 80,274	\$ (75,437)	\$ 2,000	\$ 2,103,620	\$ 17,751,347	\$ 16,271,737	\$ 2,821,593	\$ 24,844,075	\$ 19,093,330	\$ 8,855,623	

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

**Note 16—Restatement of Beginning Fund Balances and Net Assets:**

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The following adjustments have been made to restate beginning net asset and fund balances:

- A The Library Endowment Fund had been omitted from previously issued financial statements. The effect of this correction is an addition to the Governmental Activities' Net Assets of \$2,000 and the Library Endowment Fund (a non-major Governmental Fund) fund balance of \$2,000.
- B The adjustments for accrued salaries represent that portion of the first payroll payment paid in July 2006 related to services rendered but not recorded at June 30, 2006. In addition, there were payroll liabilities for employee payroll deductions previously unrecorded totaling \$155,103. The effect of these corrections is a reduction to the Governmental Activities' Net Assets of \$634,404, a reduction to the Business-type Activities' Net Assets of \$22,359, and reductions to the General Fund and Public Utility Fund's fund balances of \$634,404 and \$22,359, respectively.
- C The adjustment for due from other governments represents tax and grant monies from state and Federal sources which were susceptible to accrual but not recorded at June 30, 2006. The effect of this correction is an addition to the Governmental Activities' Net Assets and General Fund's fund balance of \$611,808 and an addition to the Discretely Presented Component Unit's Net Assets of \$702,391. See also item E for further discussion.
- D The adjustment for unbilled waste disposal charges represents waste disposal revenues earned but not recorded at June 30, 2006. The effect of this correction is an addition to the Governmental Activities' Net Assets and the General Fund's fund balance of \$321,945.
- E The state sales tax adjustment represents the recordation of sales tax collected by the state for May and June 2006 and remitted to the School Board within the susceptible to accrual period. Due to the City and School Board's fund balance reversion agreement, this additional receivable balance reverted back to the City as of June 30, 2006. The effect of this correction is an addition to the Governmental Activities' Net Assets and General Fund's fund balance of \$702,391 and a reduction to the Discretely Presented Component Unit's Net Assets of \$702,391. See also item C for further discussion.
- F The grant receivable adjustment represents Litter Control, Project Exile, COPS Universal Hiring, Anti-terrorism, Gangs in Virginia, and Mass Transit grant receivables accrued although GAAP revenue recognition criteria had not been met. The effect of this correction is a reduction to the Governmental Activities' Net Assets of \$40,582, a reduction to the Business-type Activities' Net Assets of \$594,004, and a reduction to the Federal and State Projects Fund (a non-major Governmental Fund) and Mass Transit Fund's fund balances of \$117,625 and \$594,004, respectively.
- G The correction related to construction in progress represents project costs incorrectly categorized as governmental when they related to the Public Utility Fund. As the assets were still under construction, this reclassification does not impact accumulated depreciation. The effect of this correction is a reduction to the Governmental Activities' Net Assets of \$206,622 and an addition to the Business-type Activities' Net Assets and Public Utility Fund's capital assets of \$206,622.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

**Note 16—Restatement of Beginning Fund Balances and Net Assets: (Continued)**

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- H The adjustment to record additional capital assets represents various assets meeting the City's capitalization criteria, which had not been capitalized at June 30, 2006. The effect of this correction is an addition to the Governmental Activities' Net Assets of \$47,762 (resulting from the addition of \$112,560 in assets and \$64,798 in accumulated depreciation); a net addition to the Business-type Activities' Net Assets of \$207,946, and additions to the Public Utility Fund and Mass Transit Fund's fund balances of \$207,547 and \$399, respectively (resulting from additions to and reclassifications among the asset classifications).
- I The adjustment for accumulated depreciation represents the correction for accumulated depreciation based on the correction discussed in item H and correction of capital assets between categories with shorter useful lives to longer useful lives. The effect of this correction is an addition to the Business-type Activities' Net Assets of \$920,199, an addition to the Public Utility Fund's Net Assets of \$944,644 and a reduction to Mass Transit Fund's Net Assets of \$24,445.
- J The Governmental Activities' bond anticipation note fund liability balance was corrected, consistent with GAAP, as the City had not secured permanent financing for the entire amount of the bond at June 30, 2006. The effect of this correction is a reduction to the Capital Projects Fund's fund balance of \$442,565. Additionally, \$325,000 of the outstanding BAN balance at June 30, 2006 was reported as a liability (included in accounts payable) at the Capital Project fund level and government-wide level in addition to being included as a long-term obligation at the government-wide level. In essence, \$325,000 was double recorded at the government-wide level at June 30, 2006. Therefore, the beginning net assets for the governmental activities have been increased by \$325,000 to account for this duplication.
- K The correction represents grant revenues associated with the City's Hospital Road construction project that were determined to have been earned, consistent with GAAP, and not deferred as respective eligibility requirements had been met as of June 30, 2006. The effect of this correction is an addition to the Government Activities' Net Assets and Capital Project Fund's fund balance of \$139,704.
- L The adjustments for capital leases represent various capital leases in effect at June 30, 2006 which had not previously been recorded even though the related capital assets were recorded. The effect of this correction is a reduction to the Governmental Activities' Net Assets of \$129,898 and a reduction to the Business-type Activities' and Public Utility Fund's Net Assets of \$54,349.
- M The Appomattox River dredging project was inaccurately classified as Construction in Progress as the nature of the activity did not meet the City's capitalization policy and should have been expensed at the government-wide reporting level. The effect of this correction is a reduction to the Governmental Activities' Net Assets of \$500,000.
- N,O, P It was determined that certain land held in an industrial development park previously capitalized as a capital asset is more appropriately categorized as land available for resale. This reclassification does not impact accumulated depreciation as both classifications are non-depreciable. Additionally, the City determined that a portion of the land had actually been sold. The net effect of these corrections is a reduction to the Governmental Activities' Net Assets of \$666,666.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements  
As of June 30, 2007 (Continued)

**Note 16—Restatement of Beginning Fund Balances and Net Assets: (Continued)**

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- Q The accrued landfill closure, post-closure monitoring cost and corrective action liability has been corrected and recorded as an addition to the Governmental Activities' Net Assets of \$87,415. The estimate at June 30, 2006 was corrected due to a calculation error in the prior year.
- R Qualified Zone Academy Bonds balances did not include the entire amount of future debt payments owed and the City's liability balance at June 30, 2006 was understated at the government-wide reporting level. The effect of this correction is a reduction to the Governmental Activities' Net Assets of \$1,831,527.
- S The inventory of land held for resale was previously not reported at the fund level and instead reported only at the government-wide level. It has been determined that these parcels will not be used in governmental operations, but instead are intended to be sold or transferred to another governmental entity. Therefore, the effect of this correction is an addition of \$3,849,887 reserved fund balance of the General Fund.
- T The initial cost of the City's water capacity rights related to the SCWA has been reduced from \$10,500,000 to \$4,420,000 due to the asset initially being recorded at fair value instead of the proportionate amount of the carrying value of the asset surrendered, resulting in a reduction to beginning Net Assets in the Public Utility Fund and the Business-type activities of \$6,080,000. Additionally, these rights should be recorded as having a finite life (40 years) consistent with the depreciable life of the related SCWA plant asset. Thus, beginning accumulated depreciation has been recorded in the amount of \$1,105,000, and corresponding adjustments have been made to beginning Net Assets in the Public Utility Fund and the Business-type activities.
- U A portion of the previously reported balance due from the Mass Transit Fund to the General Fund will not be paid from Mass Transit operations. Therefore, the interfund payable/receivable has been reduced by the cumulative amount of \$2,227,973. This had the effect of decreasing the General Fund's fund balance and Governmental Activities Net Assets and increasing the Mass Transit Fund and Business-type Activities Net Assets by this same amount.
- V A prepaid asset has been recorded in the amount of \$5,917,000 consisting of funds escrowed for the purpose of funding the City's future capital charges under the Service Agreement with the SCWA. The escrowed funds had not previously been recorded. This resulted in an increase to beginning Net Assets in the Public Utility Fund and the Business-type activities.

**Note 17—Subsequent Events:**

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Vehicles acquired during the fiscal year ended June 30, 2007, with costs totaling \$433,285, were initially funded with current City resources; however, on September 26, 2007, they were financed with capital leases.

On October 2, 2007, the City Council approved the sale of general obligation public improvement bonds in the amount of \$4,200,000 and a bond anticipation note in the amount of \$1,200,000.

**Required Supplementary Information**

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Schedule of Revenues, Expenditures and Changes in Fund Balances --  
 Budget and Actual -- General Fund  
 Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Revenues:</b>				
General property taxes	\$ 25,336,600	\$ 25,336,600	\$ 26,546,575	\$ 1,209,975
Other local taxes	12,414,160	12,414,160	13,700,105	1,285,945
Permits, privilege fees and regulatory licenses	105,850	105,850	547,715	441,865
Fines and forfeitures	611,500	611,500	756,124	144,624
Revenue from use of money and property	300,000	300,000	326,810	26,810
Charges for services	2,390,700	2,390,700	2,797,249	406,549
Miscellaneous	104,400	304,205	188,764	(115,441)
Recovered costs	337,500	413,100	83,658	(329,442)
<b>Intergovernmental:</b>				
Commonwealth of Virginia	26,754,065	22,078,341	21,278,245	(800,096)
Federal	74,000	5,501,204	5,815,433	314,229
<b>Total revenues</b>	<b>68,428,775</b>	<b>69,455,660</b>	<b>72,040,678</b>	<b>2,585,018</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	3,954,445	4,008,542	3,678,061	330,481
Judicial administration	2,023,620	2,077,323	1,895,420	181,903
Public safety	20,586,373	22,593,361	22,478,291	115,070
Public works	9,181,780	9,751,901	10,653,940	(902,039)
Health and welfare	15,570,720	15,977,069	14,296,165	1,680,904
Education	9,734,900	9,444,746	8,364,031	1,080,715
Parks, recreation, and cultural	1,867,260	2,231,990	2,277,053	(45,063)
Community development	1,852,175	2,005,550	2,021,346	(15,796)
Nondepartmental	355,400	355,400	707,417	(352,017)
<b>Debt service:</b>				
Principal retirement	1,448,785	1,738,939	2,590,060	(851,121)
Interest and other fiscal charges	1,634,750	1,634,750	1,430,414	204,336
<b>Total expenditures</b>	<b>68,210,208</b>	<b>71,819,571</b>	<b>70,392,198</b>	<b>1,427,373</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>218,567</b>	<b>(2,363,911)</b>	<b>1,648,480</b>	<b>4,012,391</b>
<b>Other financing sources (uses):</b>				
Transfers in	392,513	392,513	680,149	287,636
Transfers (out)	(42,080)	(42,080)	(806,284)	(764,204)
Issuance of debt	-	393,000	1,322,357	929,357
<b>Total other financing sources, net</b>	<b>350,433</b>	<b>743,433</b>	<b>1,196,222</b>	<b>452,789</b>
<b>Changes in fund balances</b>	<b>569,000</b>	<b>(1,620,478)</b>	<b>2,844,702</b>	<b>4,465,180</b>
<b>Fund balances at beginning of year, as restated</b>	<b>-</b>	<b>1,620,478</b>	<b>15,567,453</b>	<b>13,946,975</b>
<b>Fund balances at end of year</b>	<b>\$ 569,000</b>	<b>\$ -</b>	<b>\$ 18,412,155</b>	<b>\$ 18,412,155</b>

Schedule of Pension Funding Progress for the Virginia Retirement System  
Last Three Fiscal Years

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded)	Funded Ratio (d) (a) / (b)	Annual Covered Payroll (e)	UAAL
			Actuarial Accrued (UAAL) (c) (b) - (a)			as % of Payroll (f) (c) / (e)
6/30/2006	\$ 102,249,331	\$ 98,560,858	\$ (3,688,473)	103.74%	\$ 21,193,710	-17.40%
6/30/2005	97,231,864	103,065,701	5,833,837	94.34%	20,237,405	28.83%
6/30/2004	95,663,463	101,877,729	6,214,266	93.90%	19,794,226	31.39%

**Note 1—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 restrictions of budgetary control at the function level for the General Fund and the fund level for the Special Revenue Funds. City Council must approve any budget revisions at the function level once the appropriation ordinance has been adopted.
5. Capital Projects Funds are budgeted on a project-length basis. Adopted budgets may be amended or superseded by action of City Council.
6. Budgets are also adopted by City Council for the Enterprise Funds. Budget to actual comparisons for these funds are not presented since there is no legal requirement for such presentation.
7. Appropriations, except for encumbrances and reserved fund balances, lapse at year-end.
8. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).
9. All budget data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

**Note 2—Expenditures and Appropriations:**

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Expenditures exceeded appropriations at June 30, 2007 as follows:

<u>Function</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Amount</u>
Public works	\$ 9,751,901	\$ 10,653,940	\$ 902,039
Parks, recreation and cultural	2,231,990	2,277,053	45,063
Community development	2,005,550	2,021,346	15,796
Nondepartmental	355,400	707,417	352,017
Debt service	3,373,689	4,020,474	646,785

Expenditures did not exceed appropriations in any other functions for the year ended June 30, 2007.

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**Other Supplementary Information**

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**Combining and Individual Fund Statements and Schedules**

Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2007

	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	
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 14,937	\$ 317,489	\$ 484,475	\$ 18,897	\$ -	\$ 835,798
Investments	-	-	1,482,840	-	2,000	1,484,840
Due from other governments	387,137	232,354	-	-	-	619,491
<b>Total assets</b>	<b>402,074</b>	<b>549,843</b>	<b>1,967,315</b>	<b>18,897</b>	<b>2,000</b>	<b>2,940,129</b>
<b>LIABILITIES:</b>						
Accounts payable	65,915	2,861	-	-	-	68,776
Due to other funds	303,113	11,579	159,720	-	-	474,412
Due to other governments	34,424	-	-	-	-	34,424
Unearned revenue	98,230	-	-	-	-	98,230
<b>Total liabilities</b>	<b>501,682</b>	<b>14,440</b>	<b>159,720</b>	<b>-</b>	<b>-</b>	<b>675,842</b>
<b>FUND BALANCES:</b>						
Fund balance:						
Reserved for:						
Community development	-	535,403	-	-	-	535,403
Perpetual care	-	-	1,807,595	-	-	1,807,595
Memorial funds	-	-	-	18,897	-	18,897
Library	-	-	-	-	2,000	2,000
Unreserved, undesignated	(99,608)	-	-	-	-	(99,608)
<b>Total fund balances</b>	<b>(99,608)</b>	<b>535,403</b>	<b>1,807,595</b>	<b>18,897</b>	<b>2,000</b>	<b>2,264,287</b>
<b>Total liabilities and fund balances</b>	<b>\$ 402,074</b>	<b>\$ 549,843</b>	<b>\$ 1,967,315</b>	<b>\$ 18,897</b>	<b>\$ 2,000</b>	<b>\$ 2,940,129</b>

Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Fiscal Year Ended June 30, 2007

	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	
<b>Revenues:</b>						
Revenue from the use of money and property	\$ -	\$ -	\$ 109,174	\$ 80	\$ -	\$ 109,254
Charges for services	-	-	5,200	-	-	5,200
Miscellaneous	30,000	-	-	-	-	30,000
Recovered costs	40,347	-	-	-	-	40,347
Intergovernmental:						
Commonwealth of Virginia	399,635	-	-	-	-	399,635
Federal	945,757	832,465	-	-	-	1,778,222
<b>Total revenues</b>	<b>1,415,739</b>	<b>832,465</b>	<b>114,374</b>	<b>80</b>	<b>-</b>	<b>2,362,658</b>
<b>Expenditures:</b>						
Public safety	1,354,704	-	-	-	-	1,354,704
Education	253,437	-	-	-	-	253,437
Planning and community development	-	158,597	-	-	-	158,597
<b>Total expenditures</b>	<b>1,608,141</b>	<b>158,597</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,766,738</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(192,402)</b>	<b>673,868</b>	<b>114,374</b>	<b>80</b>	<b>-</b>	<b>595,920</b>
<b>Other financing sources (uses):</b>						
Transfers in	168,231	-	-	-	-	168,231
Transfers (out)	-	(523,484)	(80,000)	-	-	(603,484)
<b>Total other financing sources (uses), net</b>	<b>168,231</b>	<b>(523,484)</b>	<b>(80,000)</b>	<b>-</b>	<b>-</b>	<b>(435,253)</b>
<b>Changes in fund balances</b>	<b>(24,171)</b>	<b>150,384</b>	<b>34,374</b>	<b>80</b>	<b>-</b>	<b>160,667</b>
<b>Fund balances at beginning of year, as restated</b>	<b>(75,437)</b>	<b>385,019</b>	<b>1,773,221</b>	<b>18,817</b>	<b>2,000</b>	<b>2,103,620</b>
<b>Fund balances at end of year</b>	<b>\$ (99,608)</b>	<b>\$ 535,403</b>	<b>\$ 1,807,595</b>	<b>\$ 18,897</b>	<b>\$ 2,000</b>	<b>\$ 2,264,287</b>

**CITY OF PETERSBURG, VIRGINIA**

Nonmajor Governmental Funds  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 Special Revenue Funds  
 Fiscal Year Ended June 30, 2007

	<u>Federal and State Projects Fund</u>			<b>Variance From Final Budget Positive (Negative)</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 30,000	\$ 30,000
Recovered costs	-	19,219	40,347	21,128
Intergovernmental:				
Commonwealth of Virginia	-	488,449	399,635	(88,814)
Federal	-	901,248	945,757	44,509
Total revenues	<u>-</u>	<u>1,408,916</u>	<u>1,415,739</u>	<u>6,823</u>
Expenditures:				
Current:				
Public safety	413,550	1,807,466	1,354,704	452,762
Education	-	-	253,437	(253,437)
Planning and community development	-	-	-	-
Total expenditures	<u>413,550</u>	<u>1,807,466</u>	<u>1,608,141</u>	<u>199,325</u>
Excess (deficiency) of revenues over expenditures	<u>(413,550)</u>	<u>(398,550)</u>	<u>(192,402)</u>	<u>206,148</u>
Other financing sources (uses):				
Transfers in	-	-	168,231	168,231
Transfers (out)	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>168,231</u>	<u>168,231</u>
Changes in fund balances	(413,550)	(398,550)	(24,171)	374,379
Fund balance at beginning of the year, as restated	<u>413,550</u>	<u>398,550</u>	<u>(75,437)</u>	<u>(473,987)</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (99,608)</u>	<u>\$ (99,608)</u>

Exhibit 15

<u>Community Development Act Fund</u>			
<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	356,000	832,465	476,465
-	356,000	832,465	476,465
-	-	-	-
-	-	-	-
-	356,000	158,597	197,403
-	356,000	158,597	197,403
-	-	673,868	673,868
-	-	-	-
-	-	(523,484)	(523,484)
-	-	(523,484)	(523,484)
-	-	150,384	150,384
-	-	385,019	385,019
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 535,403</u>	<u>\$ 535,403</u>

Combining Balance Sheet - Agency Funds  
June 30, 2007

	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Drug Seizure Fund</u>	<u>Industrial Development Authority</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 58,868	\$ 262,272	\$ 38,875	\$ 209,400	\$ 569,415
Investments	-	351,941	-	72,293	424,234
Total assets	<u>58,868</u>	<u>614,213</u>	<u>38,875</u>	<u>281,693</u>	<u>993,649</u>
<b>LIABILITIES</b>					
Amounts held for social service clients	58,868	-	-	-	58,868
Amounts held for others	-	135,712	38,875	281,693	456,280
Inmate telephone account	-	478,501	-	-	478,501
Total liabilities	<u>\$ 58,868</u>	<u>\$ 614,213</u>	<u>\$ 38,875</u>	<u>\$ 281,693</u>	<u>\$ 993,649</u>

Agency Funds  
Combining Statement of Changes in Assets and Liabilities  
Fiscal Year Ended June 30, 2007

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>Special Welfare Fund:</b>				
Assets:				
Cash and investments	\$ 32,731	\$ 137,255	\$ 111,118	\$ 58,868
Total assets	<u>32,731</u>	<u>137,255</u>	<u>111,118</u>	<u>58,868</u>
Liabilities:				
Amounts held for others	32,731	137,255	111,118	58,868
Total liabilities	<u>32,731</u>	<u>137,255</u>	<u>111,118</u>	<u>58,868</u>
<b>Jail Inmate Fund:</b>				
Assets:				
Cash and investments	593,235	353,773	332,795	614,213
Total assets	<u>593,235</u>	<u>353,773</u>	<u>332,795</u>	<u>614,213</u>
Liabilities:				
Amounts held for others	164,294	304,213	332,795	135,712
Inmate telephone account	428,941	49,560	-	478,501
Total liabilities	<u>593,235</u>	<u>353,773</u>	<u>332,795</u>	<u>614,213</u>
<b>Industrial Development Authority:</b>				
Assets:				
Cash and investments	274,996	770,183	763,486	281,693
Total assets	<u>274,996</u>	<u>770,183</u>	<u>763,486</u>	<u>281,693</u>
Liabilities:				
Amounts held for others	274,996	770,183	763,486	281,693
Total liabilities	<u>274,996</u>	<u>770,183</u>	<u>763,486</u>	<u>281,693</u>
<b>Drug Seizure Fund:</b>				
Assets:				
Cash and investments	42,795	47,070	50,990	38,875
Total assets	<u>42,795</u>	<u>47,070</u>	<u>50,990</u>	<u>38,875</u>
Liabilities:				
Amounts held for others	42,795	47,070	50,990	38,875
Total liabilities	<u>42,795</u>	<u>47,070</u>	<u>50,990</u>	<u>38,875</u>
<b>Total -- All Agency Funds</b>				
Assets:				
Cash and investments	943,757	1,308,281	1,258,389	993,649
Total assets	<u>943,757</u>	<u>1,308,281</u>	<u>1,258,389</u>	<u>993,649</u>
Liabilities:				
Amounts held for others	514,816	1,258,721	1,258,389	515,148
Inmate telephone account	428,941	49,560	-	478,501
Total liabilities	<u>\$ 943,757</u>	<u>\$ 1,308,281</u>	<u>\$ 1,258,389</u>	<u>\$ 993,649</u>

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**Supporting Schedules**

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Governmental Funds  
 Schedule of Revenues -- Budget and Actual  
 Fiscal Year Ended June 30, 2007

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 18,043,000	\$ 18,043,000	\$ 18,873,787	\$ 830,787
Real and personal public service corporation property taxes	1,300,000	1,300,000	1,044,173	(255,827)
Personal property taxes	3,110,000	3,110,000	3,610,241	500,241
Mobile home taxes	18,600	18,600	15,684	(2,916)
Machinery and tools taxes	2,315,000	2,315,000	2,352,900	37,900
Penalties	550,000	550,000	350,027	(199,973)
Interest	-	-	299,763	299,763
<b>Total general property taxes</b>	<b>25,336,600</b>	<b>25,336,600</b>	<b>26,546,575</b>	<b>1,209,975</b>
Other local taxes:				
Local sales and use taxes	3,650,000	3,650,000	3,815,937	165,937
Communications tax	-	-	904,852	904,852
Consumer utility taxes	3,200,000	3,200,000	2,493,943	(706,057)
E-911 taxes	375,000	375,000	499,427	124,427
Business license taxes	2,650,000	2,650,000	3,029,257	379,257
Bank stock taxes	131,500	131,500	129,661	(1,839)
Motor vehicle licenses	585,000	585,000	593,977	8,977
Taxes on recordation and wills	245,660	245,660	365,098	119,438
Cigarette taxes	115,000	115,000	134,841	19,841
Admission and amusement taxes	12,000	12,000	18,312	6,312
Lodging taxes	300,000	300,000	428,595	128,595
Meals taxes	1,150,000	1,150,000	1,286,205	136,205
<b>Total other local taxes</b>	<b>12,414,160</b>	<b>12,414,160</b>	<b>13,700,105</b>	<b>1,285,945</b>
Permits, privilege fees and regulatory licenses:				
Animal licenses	6,000	6,000	4,056	(1,944)
Other permits and licenses	99,850	99,850	543,659	443,809
<b>Total permits, privilege fees and regulatory licenses</b>	<b>105,850</b>	<b>105,850</b>	<b>547,715</b>	<b>441,865</b>
Fines and Forfeitures:				
Court fines and forfeitures	595,000	595,000	669,826	74,826
Other fines and forfeitures	16,500	16,500	86,298	69,798
<b>Total fines and forfeitures</b>	<b>611,500</b>	<b>611,500</b>	<b>756,124</b>	<b>144,624</b>
Revenue from use of money and property:				
Revenue from use of money	25,000	25,000	24,557	(443)
Revenue from use of property	275,000	275,000	302,253	27,253
<b>Total revenue from use of money and property</b>	<b>300,000</b>	<b>300,000</b>	<b>326,810</b>	<b>26,810</b>

Governmental Funds  
 Schedule of Revenues -- Budget and Actual  
 Fiscal Year Ended June 30, 2007 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Charges for services:				
EMS Transportation Fees	\$ -	\$ -	\$ 86,215	\$ 86,215
Court costs	91,000	91,000	141,214	50,214
Commonwealth attorney fees	2,500	2,500	2,543	43
Sheriff fees	11,400	11,400	28,019	16,619
Fire protection services	1,000	1,000	2,575	1,575
Non consecutive jail time	-	-	106	106
Other protection	2,250	2,250	1,553	(697)
Sanitation and waste removal	2,135,000	2,135,000	1,744,672	(390,328)
Sports complex fees	60,000	60,000	88,913	28,913
Recreation fees	20,000	20,000	27,978	7,978
Tourism charges	58,000	58,000	47,321	(10,679)
Demolition fees	-	-	57,505	57,505
Grass cutting fees	-	-	52,615	52,615
Securing building fees	-	-	102,505	102,505
Other services rendered	-	-	21,949	21,949
Charges for fuel	-	-	168,473	168,473
Other charges for services	750	750	761	11
Library fees	8,800	8,800	9,635	835
Sale of inventory	-	-	212,697	212,697
	<u>2,390,700</u>	<u>2,390,700</u>	<u>2,797,249</u>	<u>406,549</u>
Total charges for services				
Miscellaneous revenue:				
Payment in lieu of tax	50,000	50,000	53,743	3,743
Cameron Foundation donations	-	43,500	62,126	18,626
Other miscellaneous revenue	54,400	210,705	72,895	(137,810)
	<u>104,400</u>	<u>304,205</u>	<u>188,764</u>	<u>(115,441)</u>
Total miscellaneous revenue				
Recovered costs:				
Recoveries and rebates	337,500	413,100	83,658	(329,442)
	<u>337,500</u>	<u>413,100</u>	<u>83,658</u>	<u>(329,442)</u>
Total revenue from local sources				
	<u>41,600,710</u>	<u>41,876,115</u>	<u>44,947,000</u>	<u>3,070,885</u>
Revenue from the Commonwealth of Virginia:				
Noncategorical aid:				
ABC profits	19,780	19,780	19,780	-
Wine taxes	20,730	20,730	20,733	3
Mobile home titling taxes	400	400	2,647	2,247
Rolling stock tax	59,330	59,330	59,853	523
Auto rental tax	114,000	114,000	94,848	(19,152)
PPTRA	2,725,000	2,744,540	2,749,175	4,635
	<u>2,939,240</u>	<u>2,958,780</u>	<u>2,947,036</u>	<u>(11,744)</u>
Total noncategorical aid				

Governmental Funds  
Schedule of Revenues -- Budget and Actual  
Fiscal Year Ended June 30, 2007 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 650,000	\$ 650,000	\$ 702,048	\$ 52,048
Sheriff	2,800,000	2,800,000	3,065,566	265,566
Commissioner of the Revenue	140,000	140,000	157,335	17,335
Treasurer	121,000	121,000	140,202	19,202
Medical examiner	48,000	48,000	120	(47,880)
Registrar/electoral board	64,000	64,000	53,820	(10,180)
Clerk of the Circuit Court	290,560	290,560	288,772	(1,788)
	4,113,560	4,113,560	4,407,863	294,303
Total shared expenses				
Other categorical aid:				
Public assistance and welfare administration	12,001,385	4,679,875	3,251,299	(1,428,576)
Comprehensive Services Act grant	-	2,403,011	2,403,011	-
State and local foster care	-	8,791	8,791	-
Law enforcement	2,393,000	2,393,000	2,393,296	296
Street and highway maintenance	4,116,600	4,116,600	4,299,951	183,351
Library	173,280	183,874	192,112	8,238
Fire program funds	50,000	50,000	81,838	31,838
Abandoned vehicle program	-	15,000	13,700	(1,300)
State recordation tax refunds	-	-	75,462	75,462
Adult confinement	850,000	850,000	817,399	(32,601)
Asset forfeiture proceeds	-	-	153,687	153,687
Other state funds	117,000	305,850	232,800	(73,050)
	19,701,265	15,006,001	13,923,346	(1,082,655)
Total other categorical aid				
	23,814,825	19,119,561	18,331,209	(788,352)
Total categorical aid				
	26,754,065	22,078,341	21,278,245	(800,096)
Total revenue from the Commonwealth of Virginia				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	-	5,231,642	5,231,642	-
Emergency management preparedness grant	-	156,752	5,338	(151,414)
FEMA	-	-	418,320	418,320
Bulletproof vest grant	-	-	8,872	8,872
Department of historic resources grant	-	-	25,349	25,349
State and community highway safety grant	-	-	26,754	26,754
Citizen corps program grant	-	-	3,360	3,360
Criminal history records improvement grant	-	-	7,053	7,053
Homeland security	-	-	56,629	56,629
Library grant	-	28,135	28,137	2
Other federal grants	74,000	84,675	3,979	(80,696)
	74,000	5,501,204	5,815,433	314,229
Total revenue from the federal government				
<b>Total General Fund</b>	<b>68,428,775</b>	<b>69,455,660</b>	<b>72,040,678</b>	<b>2,585,018</b>

Governmental Funds  
 Schedule of Revenues -- Budget and Actual  
 Fiscal Year Ended June 30, 2007 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 41,440	\$ 41,440
Miscellaneous revenue:				
Donations	-	1,500,000	2,089,647	589,647
Revenue from the Commonwealth:				
Categorical aid:				
Other state funds	-	275,000	-	(275,000)
Revenue from the federal government:				
Categorical aid:				
Other federal funds	-	400,000	-	(400,000)
<b>Total Capital Projects Fund</b>	<b>-</b>	<b>2,175,000</b>	<b>2,131,087</b>	<b>(43,913)</b>
<b>Special Revenue Funds:</b>				
<b>Federal and State Projects Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	-	-	30,000	30,000
Recovered costs:				
Richmond Community Action Program	-	19,219	39,317	20,098
Rebates and refunds	-	-	1,030	1,030
Total recovered costs	-	19,219	40,347	21,128
Total revenue from local sources	-	19,219	70,347	51,128
Revenue from the Commonwealth:				
Other categorical aid:				
Criminal justice corrections grants	-	225,883	200,056	(25,827)
Victim witness grants	-	38,346	33,809	(4,537)
VJCCCA grant	-	194,220	117,391	(76,829)
Other state revenue	-	30,000	48,379	18,379
Total revenue from the Commonwealth	-	488,449	399,635	(88,814)
Revenue from the federal government:				
Categorical aid:				
COPS universal hiring grant	-	-	42,216	42,216
Community day reporting center	-	-	38,053	38,053
Summer lunch program	-	-	241,990	241,990
POWER program	-	138,300	112,427	(25,873)
Criminal justice services - victim witness	-	153,386	135,233	(18,153)
Weed and seed	-	225,000	199,340	(25,660)
Gangs in Virginia grant	-	131,665	44,964	(86,701)

Governmental Funds  
Schedule of Revenues -- Budget and Actual  
Fiscal Year Ended June 30, 2007 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>Federal and State Projects Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
Records management grant	\$ -	\$ 35,356	\$ 8,121	\$ (27,235)
Reducing absences grant	-	74,479	-	(74,479)
Operation diamond - Commonwealth's Attorney	-	98,723	31,641	(67,082)
Byrne grant	-	-	29,945	29,945
Byrne grant - 800 MHz radio equipment grant	-	-	61,827	61,827
Other federal grants	-	44,339	-	(44,339)
<b>Total revenue from the Federal Government</b>	<b>-</b>	<b>901,248</b>	<b>945,757</b>	<b>44,509</b>
<b>Total Federal and State Projects Fund</b>	<b>-</b>	<b>1,408,916</b>	<b>1,415,739</b>	<b>6,823</b>
<b>Community Development Act Fund:</b>				
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grant	-	356,000	832,465	476,465
<b>Total Community Development Act Fund</b>	<b>-</b>	<b>356,000</b>	<b>832,465</b>	<b>476,465</b>
<b>Blandford Cemetery Perpetual Care Fund:</b>				
Revenue from use of money and property:				
Revenue from use of money	-	-	109,174	109,174
Revenue from local sources:				
Charges for services:				
Sale of lots	-	-	5,200	5,200
<b>Total Blandford Cemetery Perpetual Care Fund</b>	<b>-</b>	<b>-</b>	<b>114,374</b>	<b>114,374</b>
<b>Clara J. McKenney Memorial Fund:</b>				
Revenue from use of money and property:				
Revenue from use of money	-	-	80	80
<b>Total Clara J. McKenney Memorial Fund</b>	<b>-</b>	<b>-</b>	<b>80</b>	<b>80</b>
<b>Total Non-major Funds</b>	<b>-</b>	<b>1,764,916</b>	<b>2,362,658</b>	<b>597,742</b>
<b>Total Revenues</b>	<b>\$ 68,428,775</b>	<b>\$ 73,395,576</b>	<b>\$ 76,534,423</b>	<b>\$ 3,138,847</b>

Governmental Funds  
 Schedule of Expenditures -- Budget and Actual  
 Fiscal Year Ended June 30, 2007

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government:</b>				
<b>General Fund:</b>				
General government administration:				
Legislative:				
City Council	\$ 177,930	\$ 177,930	\$ 195,396	\$ (17,466)
General and financial administration:				
City Manager	406,290	406,290	363,400	42,890
Legal services	212,620	212,620	226,296	(13,676)
Personnel	242,500	242,500	190,698	51,802
Commissioner of the Revenue	356,740	356,740	352,270	4,470
Assessor	256,230	256,230	236,016	20,214
Treasurer	306,450	317,450	314,762	2,688
Finance Director	191,140	197,940	208,857	(10,917)
Accounting	242,900	242,900	192,720	50,180
Purchasing and general services	197,105	219,505	269,615	(50,110)
Data processing	160,900	160,900	145,931	14,969
Motor vehicle repair	987,430	988,827	762,226	226,601
Insurance - financial	9,000	9,000	2,359	6,641
Virginia Municipal League	10,320	10,320	10,318	2
National League of Cities	2,600	2,600	-	2,600
Virginia Institute of Government	1,500	1,500	1,500	-
Total general and financial administration	<u>3,583,725</u>	<u>3,625,322</u>	<u>3,276,968</u>	<u>348,354</u>
Board of Elections:				
Electoral board and officials	59,450	59,450	62,818	(3,368)
Registrar	133,340	145,840	142,879	2,961
Total board of elections	<u>192,790</u>	<u>205,290</u>	<u>205,697</u>	<u>(407)</u>
Total general government administration	<u>3,954,445</u>	<u>4,008,542</u>	<u>3,678,061</u>	<u>330,481</u>
Judicial administration:				
Courts:				
Circuit court	74,190	89,190	88,536	654
General district court	67,800	71,974	70,045	1,929
Magistrates	3,190	3,190	3,052	138
Juvenile justice	70,700	70,700	62,373	8,327
District J & D relations court	28,450	34,439	33,358	1,081
Clerk of the Circuit Court	538,260	538,260	536,282	1,978
Juvenile court services	168,500	177,500	107,347	70,153
Total courts	<u>951,090</u>	<u>985,253</u>	<u>900,993</u>	<u>84,260</u>
Commonwealth's Attorney	<u>1,072,530</u>	<u>1,092,070</u>	<u>994,427</u>	<u>97,643</u>

Governmental Funds  
 Schedule of Expenditures -- Budget and Actual  
 Fiscal Year Ended June 30, 2007 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Total judicial administration	\$ 2,023,620	\$ 2,077,323	\$ 1,895,420	\$ 181,903
Public safety:				
Law enforcement and traffic control:				
Police department	7,879,660	8,724,639	8,525,319	199,320
Criminal Justice Academy	74,480	74,480	74,482	(2)
Total law enforcement and traffic control	7,954,140	8,799,119	8,599,801	199,318
Fire and rescue services:				
Fire department	5,371,663	6,277,560	5,996,993	280,567
Contribution to Southside VA Emergency Crew	250,000	250,000	250,000	-
Total fire and rescue services	5,621,663	6,527,560	6,246,993	280,567
Correction and detention:				
City jail	6,257,500	6,513,612	6,923,539	(409,927)
Juvenile detention home	564,000	564,000	504,722	59,278
Total correction and detention	6,821,500	7,077,612	7,428,261	(350,649)
Other protection:				
Animal control	189,070	189,070	203,236	(14,166)
Total other protection	189,070	189,070	203,236	(14,166)
Total public safety	20,586,373	22,593,361	22,478,291	115,070
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	557,150	527,450	608,943	(81,493)
Engineering	542,870	784,901	793,425	(8,524)
Street maintenance	3,071,880	3,139,739	3,270,215	(130,476)
Total highways, streets, bridges and sidewalks	4,171,900	4,452,090	4,672,583	(220,493)
Sanitation and waste removal:				
Refuse collection	1,175,000	1,175,000	1,208,900	(33,900)
Total sanitation and waste removal	1,175,000	1,175,000	1,208,900	(33,900)
Maintenance of general buildings and grounds:				
Building maintenance	3,036,830	3,326,761	3,830,612	(503,851)
Property and liability insurance	459,500	459,500	631,711	(172,211)

Governmental Funds  
 Schedule of Expenditures -- Budget and Actual  
 Fiscal Year Ended June 30, 2007 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (continued)</b>				
Maintenance of general buildings and grounds: (Continued)				
Cemeteries maintenance	\$ 338,550	\$ 338,550	\$ 310,134	\$ 28,416
Total maintenance of general buildings and grounds	3,834,880	4,124,811	4,772,457	(647,646)
Total public works	9,181,780	9,751,901	10,653,940	(902,039)
Health and welfare:				
Health:				
Health department	714,220	714,220	714,608	(388)
Central Virginia health planning	3,800	3,800	3,800	-
Total health	718,020	718,020	718,408	(388)
Mental health and mental retardation:				
Chapter X Board - District 19	160,050	160,050	160,050	-
Welfare:				
Social services	10,685,540	10,854,099	9,401,028	1,453,071
Comprehensive services	3,969,010	4,206,800	3,978,379	228,421
Legal aid contributions	24,680	24,680	24,880	(200)
Southside sheltered workshop	8,000	8,000	8,000	-
Crater District Area Agency on Aging	5,420	5,420	5,420	-
Total welfare	14,692,650	15,098,999	13,417,707	1,681,292
Total health and welfare	15,570,720	15,977,069	14,296,165	1,680,904
Education:				
Contributions to community colleges	4,900	4,900	4,900	-
Contributions to Component Unit - School Board	9,730,000	9,439,846	7,242,274	2,197,572
Contributions to Component Unit - School Board Qualified Zone Academy Bond proceeds	-	-	1,116,857	(1,116,857)
Total education	9,734,900	9,444,746	8,364,031	1,080,715
Parks, recreation and cultural:				
Parks and recreation:				
Parks and leisure services	988,650	1,256,650	1,343,147	(86,497)
Cultural:				
Library	873,610	970,340	928,906	41,434
Petersburg Symphony	5,000	5,000	5,000	-
Total cultural	878,610	975,340	933,906	41,434
Total parks, recreation and cultural	1,867,260	2,231,990	2,277,053	(45,063)

Governmental Funds  
 Schedule of Expenditures -- Budget and Actual  
 Fiscal Year Ended June 30, 2007 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (continued)</b>				
Community development:				
Planning and community development:				
Planning	\$ 422,930	\$ 550,305	\$ 481,478	\$ 68,827
Economic development	305,950	305,950	337,428	(31,478)
Tourist promotion program	747,305	747,305	793,863	(46,558)
Crater planning district	21,930	21,930	10,966	10,964
Contribution to Downtown Petersburg Inc.	25,000	25,000	50,000	(25,000)
Contribution to Petersburg Area Tourism	100,000	100,000	100,000	-
Contributions - other community organizations	181,120	207,120	198,319	8,801
Total planning and community development	<u>1,804,235</u>	<u>1,957,610</u>	<u>1,972,054</u>	<u>(14,444)</u>
Environmental management:				
Appomattox River Soil & Water District	<u>7,500</u>	<u>7,500</u>	<u>6,500</u>	<u>1,000</u>
Cooperative extension program:				
VPI nutritional services	<u>40,440</u>	<u>40,440</u>	<u>42,792</u>	<u>(2,352)</u>
Total community development	<u>1,852,175</u>	<u>2,005,550</u>	<u>2,021,346</u>	<u>(15,796)</u>
Nondepartmental:				
Workers' compensation insurance	300,000	300,000	669,489	(369,489)
Contingencies	<u>55,400</u>	<u>55,400</u>	<u>37,928</u>	<u>17,472</u>
Total nondepartmental	<u>355,400</u>	<u>355,400</u>	<u>707,417</u>	<u>(352,017)</u>
Debt service:				
Principal retirement	1,448,785	1,738,939	2,590,060	(851,121)
Interest and fiscal charges	<u>1,634,750</u>	<u>1,634,750</u>	<u>1,430,414</u>	<u>204,336</u>
Total debt service	<u>3,083,535</u>	<u>3,373,689</u>	<u>4,020,474</u>	<u>(646,785)</u>
Total General Fund	<u>68,210,208</u>	<u>71,819,571</u>	<u>70,392,198</u>	<u>1,427,373</u>
<b>Capital Projects Fund:</b>				
Capital outlays / projects:				
Public safety:				
Police communications center addition	-	-	51,760	(51,760)
800 MHz communications system equipment	<u>-</u>	<u>-</u>	<u>1,427,420</u>	<u>(1,427,420)</u>
Total public safety	<u>-</u>	<u>-</u>	<u>1,479,180</u>	<u>(1,479,180)</u>
Public works:				
Engineering fees - bridges	-	-	1,184	(1,184)
Engineering and design - Hospital road	<u>-</u>	<u>-</u>	<u>514,647</u>	<u>(514,647)</u>
Streets, curbs and gutters	<u>-</u>	<u>-</u>	<u>3,454</u>	<u>(3,454)</u>
Total public works	<u>-</u>	<u>-</u>	<u>519,285</u>	<u>(519,285)</u>

Governmental Funds  
Schedule of Expenditures -- Budget and Actual  
Fiscal Year Ended June 30, 2007 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>Capital Projects Fund: (Continued)</b>				
Capital outlays / projects: (Continued)				
Education:				
School building projects	\$ -	\$ -	\$ 221,192	\$ (221,192)
Total education	-	-	221,192	(221,192)
Parks, recreation and cultural:				
Harding street building	-	150,000	168,981	(18,981)
Library engineering fees	-	-	2,163	(2,163)
Library land acquisition	-	-	400,000	(400,000)
Golf course	-	4,000,000	2,435,727	1,564,273
Park improvements - various	-	350,000	265,858	84,142
Total parks, recreation and cultural	-	4,500,000	3,272,729	1,227,271
Community development:				
Star-Tek economic incentive	-	470,000	225,000	245,000
Farmers market plan design	-	350,000	345,819	4,181
Centre Hill project	-	-	293	(293)
Appomattox River dredging	-	1,500,000	88,824	1,411,176
Blight demolition	-	-	21,772	(21,772)
Total community development	-	2,320,000	681,708	1,638,292
Debt service:				
Interest and fiscal charges	-	-	17,841	(17,841)
Total Capital Projects Fund	-	6,820,000	6,191,935	628,065
<b>Special Revenue Funds:</b>				
Federal and State Projects Fund:				
Public Safety:				
Law Enforcement and Traffic Control:				
SAVY program	45,000	45,000	24,257	20,743
Weed and seed grant #2	117,891	117,891	103,228	14,663
Weed and seed grant #3	-	225,000	90,229	134,771
800 MHz radio equipment grant	61,827	61,827	61,827	-
Gangs in VA program	38,970	38,970	23,507	15,463
Cameron fresh start grant	29,226	29,226	28,564	662
Victim witness program	-	191,732	184,769	6,963
Bioterrorism grant	21,994	21,994	23,247	(1,253)
Comprehensive community corrections grant	13,597	258,699	37,230	221,469
Virginia juvenile community corrections grant	-	194,220	167,351	26,869
RCAPP Office on youth grant	38,915	68,915	37,005	31,910
PCC client services grant	-	-	178,500	(178,500)
Secure our schools initiative	1,289	1,289	-	1,289
POWER youth program employment	-	138,300	122,530	15,770
PAL-PETG athletic league	15,000	15,000	-	15,000
Litter control	9,164	9,164	1,858	7,306
COPS universal hiring grant	-	-	12,488	(12,488)
Juvenile accountability grant	-	-	40,179	(40,179)

Governmental Funds  
 Schedule of Expenditures -- Budget and Actual  
 Fiscal Year Ended June 30, 2007 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
Federal and State Projects Fund: (Continued)				
Public Safety: (Continued)				
Law Enforcement and Traffic Control: (Continued)				
Day reporting center grant	\$ -	\$ -	\$ 40,706	\$ (40,706)
Petersburg exile grant	20,677	20,677	3,560	17,117
COPS in school grant	-	-	34,342	(34,342)
Police records management grant	-	35,356	8,121	27,235
Recruiting and retention criminal justice grant	-	17,672	14,260	3,412
REAP grant	-	74,479	17,908	56,571
Operation diamond - gang combat	-	98,723	47,582	51,141
Gang resistance education and training	-	131,665	45,063	86,602
GOSAP - operation diamond project	-	11,667	6,393	5,274
	413,550	1,807,466	1,354,704	452,762
Total public safety				
Education:				
Summer lunch program	-	-	253,437	(253,437)
	413,550	1,807,466	1,608,141	199,325
Total Federal and State Projects Fund				
Community Development Act Fund:				
Planning and Community Development:				
Petersburg Housing Authority	-	-	5,611	(5,611)
Safe haven - weed and seed program	-	45,000	43,743	1,257
Petersburg healthy families lifeline	-	29,000	29,000	-
PCOC downpayment assistance	-	8,000	8,000	-
Foster grandparents	-	7,000	7,000	-
C.A.R.E.S. program	-	20,000	20,000	-
Interfaith adult daycare	-	8,750	8,750	-
Boys and girls club	-	10,000	10,000	-
Salvation Army men's shelter	-	17,250	17,250	-
First Baptist tutorial program	-	5,000	5,000	-
Demolition/blight removal - land acquisition	-	206,000	4,243	201,757
	-	356,000	158,597	197,403
Total planning and community development				
Total Community Development Act Fund	-	356,000	158,597	197,403
Total Special Revenue Funds	413,550	2,163,466	1,766,738	396,728
Total Expenditures	\$ 68,623,758	\$ 80,803,037	\$ 78,350,871	\$ 2,452,166

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# CITY OF PETERSBURG, VIRGINIA

## Statistical Tables

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

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

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CITY OF PETERSBURG, VIRGINIA

Table 1

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 6,504,438	\$ 5,664,798	\$ 14,392,808	\$ 12,924,280	\$ 11,349,587
Restricted	2,921,397	2,415,968	-	1,794,038	1,934,491
Unrestricted	7,361,752	7,586,029	12,502,877	12,353,730	12,306,724
<b>Total governmental activities net assets</b>	<b>16,787,587</b>	<b>15,666,795</b>	<b>26,895,685</b>	<b>27,072,048</b>	<b>25,590,802</b>
<b>Business-type activities:</b>					
Invested in capital assets, net of related debt	7,315,241	7,634,991	7,926,586	21,366,680	17,746,920
Restricted	-	-	-	5,917,000	5,536,340
Unrestricted	9,563,111	8,427,264	9,238,701	(3,233,323)	(2,998,388)
<b>Total business-type activities</b>	<b>16,878,352</b>	<b>16,062,255</b>	<b>17,165,287</b>	<b>24,050,357</b>	<b>20,284,872</b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	13,819,679	13,299,789	22,319,394	34,290,960	29,096,507
Restricted	2,921,397	2,415,968	-	7,711,038	7,470,831
Unrestricted	16,924,863	16,013,293	21,741,578	9,120,407	9,308,336
<b>Total primary government</b>	<b>\$ 33,665,939</b>	<b>\$ 31,729,050</b>	<b>\$ 44,060,972</b>	<b>\$ 51,122,405</b>	<b>\$ 45,875,674</b>

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

CITY OF PETERSBURG, VIRGINIA

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses:</b>					
Governmental activities:					
General government administration	\$ 3,312,713	\$ 3,763,561	\$ 3,494,039	\$ 3,601,990	\$ 3,678,612
Judicial administration	1,512,938	1,743,648	1,948,961	1,741,756	2,060,239
Public safety	20,067,903	20,163,440	20,868,048	23,288,625	24,641,604
Public works	7,201,522	8,559,864	9,489,249	12,827,885	14,099,461
Health and welfare	12,193,038	12,221,690	13,213,059	13,997,163	14,564,276
Education	11,388,550	12,859,893	11,474,709	9,266,725	9,204,061
Parks, recreation, and cultural	2,348,383	2,437,692	2,788,391	2,935,100	2,685,776
Community development	1,195,916	4,294,647	1,462,249	2,887,401	2,727,241
Capital projects/outlays	583,115	-	-	-	-
Nondepartmental	694,611	-	-	-	-
Interest and other fiscal charges	957,561	1,060,405	1,212,116	1,646,992	1,327,726
Total governmental activities expenses	61,456,250	67,104,840	65,950,821	72,193,637	74,988,996
Business-type activities:					
Public Utility	5,150,643	6,736,719	6,339,951	7,262,502	7,273,942
Mass transit	1,659,250	1,795,116	1,900,694	2,329,232	2,923,692
Total business-type activities expenses	6,809,893	8,531,835	8,240,645	9,591,734	10,197,634
Total primary government expenses	68,266,143	75,636,675	74,191,466	81,785,371	85,186,630
<b>Program revenues:</b>					
Governmental activities:					
Charges for services:					
General government administration	94,849	79,492	-	-	191,183
Judicial administration	418,432	474,459	602,102	724,635	899,881
Public safety	107,512	243,934	133,109	188,472	768,688
Public works	2,040,663	2,151,104	2,135,393	2,471,783	1,859,992
Health and welfare	153,640	-	-	-	-
Parks, recreation, and cultural	32,952	101,008	151,591	140,732	173,847
Community development	63,994	4,092	8,059	4,000	-
Operating grants and contributions:					
General government administration	290,824	295,711	326,271	324,298	351,357
Judicial administration	857,881	983,819	963,687	1,202,683	1,159,862
Public safety	6,562,760	6,615,562	11,979,795	6,908,857	8,262,300
Public works	3,648,619	3,905,936	3,940,452	6,248,403	4,299,951
Health and welfare	9,118,502	9,249,191	4,762,823	10,823,880	10,894,743
Education	-	-	-	-	317,452
Community development	769,154	2,711,808	1,286,109	152,763	-
Parks, recreation, and cultural	173,273	132,329	180,486	1,119,911	220,249
Capital grants and contributions:					
Public safety	-	-	-	-	1,075,000
Public works	380,521	-	-	-	-
Education	-	-	559,911	-	-
Community development	-	-	-	639,704	-
Total governmental activities program revenues	24,713,576	26,948,445	27,029,788	30,950,121	32,321,617

CITY OF PETERSBURG, VIRGINIA

Table 2  
Page 2 of 2

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Business-type activities:					
Charges for services:					
Public Utility	\$ 6,160,514	\$ 6,233,829	\$ 6,391,549	\$ 6,263,961	\$ 6,540,056
Mass Transit	358,404	362,353	354,620	432,432	453,045
Operating grants and contributions:					
Mass Transit	1,222,493	1,664,694	1,263,219	831,372	1,209,175
Capital grants and contributions	-	-	-	-	420,558
Public Utility	-	335,873	85,797	1,054,570	2,121,811
Mass Transit	7,741,411	8,596,749	8,095,185	8,582,335	10,744,645
Total business-type activities program revenues	32,454,987	35,545,194	35,124,973	39,532,456	43,066,262
Total primary government program revenues					
Net (expense) / revenue	(36,742,674)	(40,156,395)	(38,921,033)	(41,243,516)	(42,667,379)
Governmental activities	931,518	64,914	(145,460)	(1,009,399)	547,011
Business-type activities	(35,811,156)	(40,091,481)	(39,066,493)	(42,252,915)	(42,120,368)
Total primary government net expense					
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
General property taxes	21,640,479	24,538,651	23,233,023	24,990,058	26,502,531
Local sales and use taxes	3,076,650	3,466,521	3,568,160	3,827,026	3,815,937
Communications taxes	-	-	-	-	904,852
Consumer utility taxes	3,585,218	3,242,163	3,239,247	3,130,198	2,493,943
Business license taxes	2,303,168	2,663,386	2,675,192	2,926,116	3,029,257
Motor Vehicle license taxes	585,974	606,624	588,524	598,616	593,977
Lodging Taxes	198,404	304,151	272,139	301,209	428,595
Meals tax	991,396	1,086,430	1,130,653	1,201,759	1,286,205
Other local taxes	468,793	441,837	878,847	925,888	1,147,339
Unrestricted revenues from use of money and property	471,061	277,929	380,724	506,158	477,504
Miscellaneous	405,749	807,191	340,657	910,762	218,764
Grants and contributions not restricted to specific programs	2,920,155	3,060,577	2,810,219	3,619,058	2,947,036
Gain on sale of assets	-	-	-	-	212,697
Transfers (net)	57,392	-	(197,058)	(1,516,969)	(644,531)
Total governmental activities	36,704,439	40,495,460	38,920,327	41,419,879	43,414,106
Business-type activities:					
Miscellaneous	95,251	95,260	-	-	-
Transfers	(57,392)	-	197,058	1,516,969	644,531
Total business-type activities	37,859	95,260	197,058	1,516,969	644,531
Total primary government	36,742,298	40,590,720	39,117,385	42,936,848	44,058,637
<b>Change in Net Assets</b>					
Governmental activities	(38,235)	339,065	(706)	176,363	746,727
Business-type activities	969,377	160,174	51,598	507,570	1,191,542
Total primary government	\$ 931,142	\$ 499,239	\$ 50,892	\$ 683,933	\$ 1,938,269

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

**CITY OF PETERSBURG, VIRGINIA**

**Table 3**

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

Fiscal Year	General Property Taxes		Local Sales and Use Taxes		Communications Taxes	Consumer Utility Taxes		Business License Taxes		Motor Vehicle License Taxes		Lodging Taxes		Meals Taxes		Other Local Taxes		Total
2003	\$ 21,640,479		\$ 3,076,650		\$ -	\$ 3,585,218		\$ 2,303,168		\$ 196,506		\$ 198,404		\$ 991,396		\$ 858,261		\$ 32,850,082
2004	24,538,651		3,466,521		-	3,242,163		2,663,386		606,624		304,151		1,086,430		441,837		36,349,763
2005	23,233,023		3,568,160		-	3,239,247		2,675,192		588,524		272,139		1,130,653		878,847		35,585,785
2006	24,990,058		3,827,026		-	3,130,198		2,926,116		598,616		301,209		1,201,759		925,888		37,900,870
2007	26,502,531		3,815,937		904,852	2,493,943		3,029,257		593,977		428,595		1,286,205		1,147,339		40,202,636

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

CITY OF PETERSBURG, VIRGINIA

Table 4

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved:										
Inventory	\$ 139,041	\$ 54,903	\$ 98,790	\$ 110,812	\$ 107,691	\$ 120,464	\$ 99,716	\$ 110,772	\$ 3,976,588	\$ 4,695,716
Asset forfeiture	-	-	-	-	-	-	-	-	-	105,999
Capital Projects	1,178,258	700,544	914,981	694,825	1,861,741	1,424,867	1,796,800	2,061,010	1,660,397	926,096
Debt Service	-	-	-	-	-	-	-	-	-	515,000
Landfill closure/post-closure monitoring	-	-	-	-	-	-	-	-	-	1,500,000
Encumbrances	-	-	-	146,071	630,614	744,100	681,365	1,315,060	709,027	441,550
Unreserved, undesignated	5,374,512	4,911,664	5,152,566	5,177,028	7,189,870	7,353,015	7,776,015	8,946,673	9,221,441	10,227,794
<b>Total general fund</b>	<b>6,691,811</b>	<b>5,667,111</b>	<b>6,166,337</b>	<b>6,128,736</b>	<b>9,789,916</b>	<b>9,642,446</b>	<b>10,353,896</b>	<b>12,433,515</b>	<b>15,567,453</b>	<b>18,412,155</b>
All other governmental funds										
Reserved:										
Capital projects	3,374,619	515,812	453,418	1,060,142	1,634,520	1,496,530	619,168	197,425	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	535,403
Permanent funds	-	-	-	-	-	-	-	-	-	1,828,492
Unreserved, reported in:										
Non-major:										
Special revenue funds	-	-	-	309,283	302,881	435,053	211,158	381,251	309,582	(99,608)
Capital projects fund	-	-	-	-	-	-	-	-	80,274	(63,717)
Permanent funds	2,089,677	2,010,247	1,987,663	2,186,400	2,135,983	1,838,185	1,697,438	1,688,016	1,794,038	-
<b>Total all other governmental funds</b>	<b>5,464,296</b>	<b>2,526,059</b>	<b>2,441,081</b>	<b>3,555,825</b>	<b>4,073,384</b>	<b>3,769,768</b>	<b>2,527,764</b>	<b>2,266,692</b>	<b>2,183,894</b>	<b>2,200,570</b>
<b>Total governmental fund balances</b>	<b>\$ 12,156,107</b>	<b>\$ 8,193,170</b>	<b>\$ 8,607,418</b>	<b>\$ 9,684,561</b>	<b>\$ 13,863,300</b>	<b>\$ 13,412,214</b>	<b>\$ 12,881,660</b>	<b>\$ 14,700,207</b>	<b>\$ 17,751,347</b>	<b>\$ 20,612,725</b>

**CITY OF PETERSBURG, VIRGINIA**

**Table 5**

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues:</b>										
General property taxes	\$ 20,112,561	\$ 19,121,276	\$ 19,709,888	\$ 18,519,749	\$ 21,560,995	\$ 21,552,330	\$ 22,900,222	\$ 23,622,768	\$ 24,706,331	\$ 26,546,575
Other local taxes	9,371,962	9,885,201	10,175,195	10,698,579	10,788,452	11,209,603	11,811,112	12,352,762	12,910,812	13,700,105
Permits, privilege fees and regulatory licenses	168,486	111,034	90,959	290,840	133,205	288,756	304,760	117,670	169,597	547,715
Fines and forfeitures	363,566	474,681	355,422	289,616	417,044	421,120	494,797	475,327	596,864	756,124
Revenue from use of money and property	1,084,596	1,350,248	1,329,810	343,065	276,075	471,061	277,929	380,724	506,158	477,504
Charges for services	1,456,058	1,470,935	1,453,900	1,541,097	2,717,333	2,202,166	2,254,532	2,437,257	2,441,216	2,802,449
Miscellaneous	-	-	-	363,930	773,915	405,749	807,191	900,568	910,762	2,308,411
Recovered costs	928,807	1,232,768	1,770,724	1,166,183	317,893	357,829	763,081	748,552	213,361	124,005
Intergovernmental:										
Commonwealth	13,914,977	14,969,197	17,895,253	19,582,047	18,948,117	17,956,446	18,712,177	18,955,253	21,961,358	21,677,880
Federal	3,567,085	3,837,334	4,587,424	5,378,070	6,124,189	6,765,243	8,242,756	7,294,590	8,367,269	7,593,655
<b>Total revenues</b>	<b>50,968,098</b>	<b>52,452,674</b>	<b>57,368,575</b>	<b>58,173,176</b>	<b>62,057,208</b>	<b>61,630,303</b>	<b>66,568,557</b>	<b>67,285,471</b>	<b>72,783,728</b>	<b>76,534,423</b>
<b>Expenditures:</b>										
General government administration	2,713,666	3,101,117	3,354,195	3,714,748	3,443,498	3,263,767	3,358,575	3,465,275	3,556,652	3,678,061
Judicial administration	1,202,712	1,291,713	1,435,749	1,483,851	1,478,392	1,370,657	1,624,507	1,802,404	1,722,388	1,895,420
Public safety	14,663,363	15,115,720	16,118,535	18,998,262	20,596,012	20,130,250	20,205,509	21,488,875	28,969,711	25,312,175
Public works	5,040,378	5,615,287	5,922,426	6,932,711	6,226,282	7,066,086	8,561,819	8,890,604	8,877,879	11,173,225
Health and welfare	10,390,239	11,604,051	12,671,495	9,481,072	10,518,785	12,046,699	12,054,331	13,073,903	13,847,937	14,296,165
Education	9,341,064	9,337,675	9,368,448	9,305,009	9,254,713	10,769,473	11,568,711	10,847,658	9,400,152	8,838,660
Parks, recreation, and cultural	1,403,638	1,671,379	1,671,379	1,649,769	2,160,986	2,233,596	2,312,585	3,004,597	3,833,719	5,549,782
Community development	1,350,064	1,575,775	1,551,003	1,810,444	1,117,109	1,186,386	1,032,010	2,037,795	3,309,515	2,861,651
Capital outlays and projects	5,819,105	4,024,991	2,428,096	1,518,300	1,279,653	747,974	1,271,968	-	-	-
Nondepartmental	792,715	737,617	703,823	776,834	615,951	694,611	4,298,117	677,323	1,315,624	707,417
Debt service:										
Principal retirement	1,477,345	975,866	678,566	952,845	2,513,015	1,594,387	1,396,946	1,443,848	1,720,556	2,590,060
Interest and other fiscal charges	997,339	1,971,807	1,825,089	1,601,307	1,411,466	994,756	1,245,890	1,246,777	1,356,881	1,448,255
<b>Total expenditures</b>	<b>55,191,628</b>	<b>56,849,514</b>	<b>57,728,804</b>	<b>58,225,152</b>	<b>60,615,862</b>	<b>62,098,642</b>	<b>68,930,968</b>	<b>67,979,059</b>	<b>77,911,014</b>	<b>78,350,871</b>
Excess (deficiency) of revenues over expenditures	(4,223,530)	(4,396,840)	(360,229)	(51,976)	1,441,346	(468,336)	(2,362,411)	(693,588)	(5,127,286)	(1,816,448)
Other financing sources (uses):										
Transfers in	741,975	1,064,526	703,734	25,000	1,448,986	402,362	692,653	658,961	1,381,953	1,082,083
Transfers (out)	(531,256)	(711,281)	(451,435)	-	(1,171,696)	(344,970)	(692,653)	(856,019)	(2,692,300)	(1,726,614)
Proceeds from capital leases	1,179,978	160,088	544,762	-	-	-	-	-	508,329	205,500
Sale of assets	-	-	-	905,382	511,233	-	-	-	-	-
Issuance of debt	6,714,775	-	-	-	1,999,277	432,000	1,624,057	5,750,088	6,775,277	5,116,857
Proceeds from refunding bonds	-	-	-	-	-	-	7,485,000	-	-	-
Payment to refunded bond escrow agent	(3,414,775)	-	-	-	-	-	(5,777,200)	(3,040,895)	-	-
Retirement of bond anticipation note	-	-	-	-	-	-	(1,500,000)	-	-	-
<b>Total other financing sources (uses), net</b>	<b>4,690,697</b>	<b>513,333</b>	<b>797,061</b>	<b>930,382</b>	<b>2,787,810</b>	<b>489,392</b>	<b>1,831,857</b>	<b>2,512,135</b>	<b>5,973,259</b>	<b>4,677,826</b>
<b>Net changes in fund balances</b>	<b>\$ 487,167</b>	<b>\$ (3,883,507)</b>	<b>\$ 436,832</b>	<b>\$ 878,406</b>	<b>\$ 4,229,156</b>	<b>\$ 21,056</b>	<b>\$ (530,554)</b>	<b>\$ 1,818,547</b>	<b>\$ 845,973</b>	<b>\$ 2,861,378</b>
Debt service as a percentage of noncapital expenditures	5.01%	5.58%	4.53%	4.50%	6.61%	4.22%	3.91%	4.06%	3.99%	5.64%

**CITY OF PETERSBURG, VIRGINIA**

Table 6

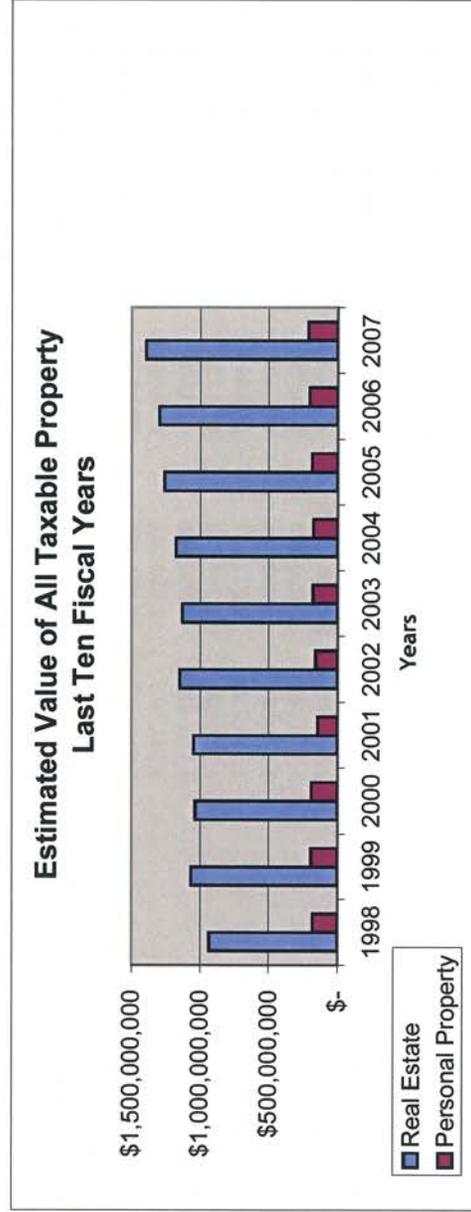
Governmental Activities Tax Revenues by Source  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Communications Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
1998	\$ 20,112,561	\$ 2,894,489	\$ -	\$ 2,902,569	\$ 1,798,125	\$ 580,136	\$ 144,940	\$ 537,343	\$ 514,360	\$ 29,484,523
1999	19,121,276	2,763,306	-	3,124,325	1,826,975	576,802	218,327	750,594	624,872	29,006,477
2000	19,706,888	2,884,193	-	3,174,667	1,980,418	571,327	200,957	765,455	598,178	29,882,083
2001	18,519,749	2,922,705	-	3,615,716	2,071,112	609,814	199,410	766,258	513,564	29,218,328
2002	21,560,995	3,017,675	-	3,082,008	2,384,172	612,238	192,707	989,174	510,478	32,349,447
2003	21,552,330	3,076,650	-	3,130,198	2,303,168	196,506	198,404	991,396	858,261	32,306,913
2004	22,900,222	3,466,521	-	3,242,163	2,663,386	606,624	304,151	1,086,430	441,837	34,711,334
2005	23,622,768	3,568,160	-	3,239,247	2,675,192	588,524	272,139	1,130,653	878,847	35,975,530
2006	24,706,331	3,827,026	-	3,130,198	2,926,116	598,616	301,209	1,201,759	925,888	37,617,143
2007	26,546,575	3,815,937	904,852	2,493,943	3,029,257	593,977	428,595	1,286,205	1,147,339	40,246,680

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

Fiscal Years Ending June 30,	Real Estate	Personal Property	Total
1998	\$ 934,822,141	\$ 181,633,558	\$ 1,116,455,699
1999	1,067,221,400	193,778,081	1,260,999,481
2000	1,037,302,639	190,407,248	1,227,709,887
2001	1,049,131,212	145,062,167	1,194,193,379
2002	1,150,347,813	161,367,776	1,311,715,589
2003	1,131,077,726	179,730,086	1,310,807,812
2004	1,178,266,198	177,260,970	1,355,527,168
2005	1,259,301,355	187,029,042	1,446,330,397
2006	1,296,398,319	204,712,608	1,501,110,927
2007	1,392,905,100	213,392,655	1,606,297,755

Source: Commissioner of the Revenue



CITY OF PETERSBURG, VIRGINIA

Table 8

Property Tax Rates Last Ten Fiscal Years					
Fiscal Years Ending June 30,	Real Estate	Business and Individuals	Machinery and Tools	Mobile Homes	
1998	\$ 1.43	4.30	3.80	\$ 1.43	
1999	1.43	4.30	3.80	1.43	
2000	1.43	4.30	3.80	1.43	
2001	1.41	4.30	3.80	1.41	
2002	1.41	4.30	3.80	1.41	
2003	1.41	4.30	3.80	1.41	
2004	1.41	4.30	3.80	1.41	
2005	1.38	4.30	3.80	1.38	
2006	1.35	4.30	3.80	1.35	
2007	1.35	4.40	3.80	1.35	

Source - Commissioner of the Revenue

CITY OF PETERSBURG, VIRGINIA

Table 9

Principal Business Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2007				1998					
	Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	Percentage of Total Assessed Valuation	Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	Percentage of Total Assessed Valuation
B. I. Chemicals	\$ 24,041,600	\$ 52,508,032	\$ 76,549,632	1	5.29%	\$ 9,996,600	\$ 14,964,713	\$ 24,961,313	3	2.24%
Virginia Power	32,927,766	64,668	32,992,434	2	2.28%	34,828,034	1,155,152	35,983,186	2	3.22%
The Cameron Foundation	32,860,900	-	32,860,900	3	2.27%	-	-	-	-	0.00%
Brenco Properties	16,833,900	11,597,771	28,431,671	4	1.97%	11,091,600	13,597,517	24,689,117	1	2.21%
Verizon Virginia Inc.	16,510,813	5,061	16,515,874	5	1.14%	33,833,943	11,914	33,845,857	4	3.03%
Georgetown Square Associates	14,580,500	13,615	14,594,115	6	1.01%	11,306,000	81,252	11,387,252	7	1.02%
Wal-Mart	10,085,700	815,162	10,900,862	7	0.75%	-	-	-	-	0.00%
Inland Paperboard & Packing Company	5,541,500	3,944,504	9,486,004	8	0.66%	4,416,800	2,396,732	6,813,532	6	0.61%
CNL Retirement DAS Petersburg Va LP	8,698,200	550,956	9,249,156	9	0.64%	9,626,877	730,392	10,357,269	8	0.93%
Columbia Gas of Virginia, Inc.	8,830,699	3,196	8,833,895	10	0.61%	5,601,500	2,617,988	8,219,488	5	0.74%
Titmus Optical Company	-	-	-	-	-	8,234,100	20,483	8,254,583	9	0.74%
Lee-Howard Partnership II	-	-	-	-	-	7,323,280	-	7,323,280	10	0.66%
Norfolk & Western Railway	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>170,911,578</b>	<b>69,502,965</b>	<b>240,414,543</b>		<b>16.62%</b>	<b>136,258,734</b>	<b>35,576,143</b>	<b>171,834,877</b>		<b>11.88%</b>

Source: Commissioner of the Revenue

**CITY OF PETERSBURG, VIRGINIA**

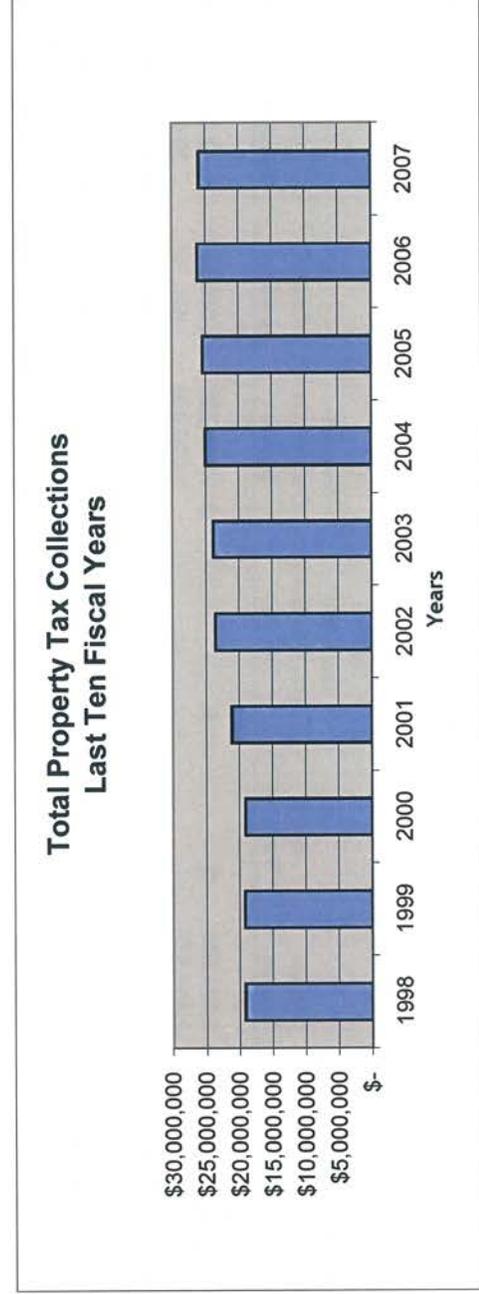
**Table 10**

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

<b>Fiscal Year Ending June 30,</b>	<b>Total (1) Tax Levy</b>	<b>Current Tax (1) Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax (2) Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent of Delinquent Taxes to Tax Levy</b>
1998	\$ 20,246,801	\$ 17,274,701	85.32%	\$ 1,897,352	\$ 19,172,053	94.69%	\$ 1,897,352	9.37%
1999	19,727,669	17,016,620	86.26%	2,216,667	19,233,287	97.49%	1,671,018	8.47%
2000	20,698,022	17,126,175	82.74%	2,012,546	19,138,721	92.47%	1,772,831	8.57%
2001	20,759,561	19,136,969	92.18%	1,987,193	21,124,162	101.76%	1,798,156	8.66%
2002	22,821,354	21,842,981	95.71%	1,696,505	23,539,486	103.15%	2,754,995	12.07%
2003	23,264,637	21,789,524	93.66%	2,037,769	23,827,293	102.42%	2,580,732	11.09%
2004	23,882,224	23,153,198	96.95%	1,866,204	25,019,402	104.76%	2,462,654	10.31%
2005	25,050,533	23,334,254	93.15%	2,034,022	25,368,276	101.27%	2,307,435	9.21%
2006	26,220,677	24,386,327	93.00%	1,774,828	26,161,155	99.77%	3,430,426	13.08%
2007	28,840,021	22,205,218	76.99%	3,691,567	25,896,785	89.79%	3,621,688	12.56%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.



CITY OF PETERSBURG, VIRGINIA

Table 11

Ratios of Outstanding Obligations by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Population (1)	Net Obligations per Capita
	General Obligation Bonds	State Literary Loans	Capital Leases	Notes Payable	School Qualified Zone Academy Bonds	General Obligation Bonds	Capital Leases	Total				
1998	\$ 19,429,823	\$ 6,290	\$ 3,033,866	\$ -	\$ -	\$ 9,725,226	\$ 660,500	\$ 32,855,705	37,027	\$ 887		
1999	18,550,048	3,145	2,414,577	-	-	9,030,000	425,756	30,423,526	37,027	822		
2000	17,975,048	6,265,517	2,272,524	-	-	8,285,000	292,086	35,090,175	37,027	948		
2001	17,083,015	7,500,000	1,696,146	-	-	7,797,033	168,180	34,244,374	33,740	1,015		
2002	16,194,245	8,125,000	446,901	-	1,400,000	7,240,803	123,146	33,530,095	33,740	994		
2003	15,272,793	7,700,000	231,093	-	1,930,000	6,652,255	65,144	31,851,285	33,740	944		
2004	16,113,660	7,275,000	64,348	-	3,965,365	6,161,388	180,008	33,759,769	33,740	1,001		
2005	15,335,974	6,850,000	1,108,112	350,000	5,283,585	5,544,075	436,237	34,907,983	33,740	1,035		
2006	15,036,650	6,425,000	1,532,295	5,732,712	4,979,022	4,823,338	541,694	39,070,711	33,740	1,158		
2007	13,985,722	6,000,000	1,414,458	9,256,116	5,781,680	4,092,568	510,243	41,040,787	33,740	1,216		

(1) Weldon Cooper Center for Public Service.

**CITY OF PETERSBURG, VIRGINIA**

**Table 12**

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

Fiscal Year Ended June 30,	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt	Debt Payable From Enterprise Fund Revenues	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value		Net Bonded Debt per Capita
						Assessed Value	Net Bonded Debt	
1998	37,027	\$ 1,116,455,699	\$ 29,155,049	\$ 9,725,226	\$ 19,429,823	1.74%	\$	525
1999	37,027	1,260,999,481	27,580,048	9,030,000	18,550,048	1.47%		501
2000	37,027	1,227,709,887	26,260,048	8,285,000	17,975,048	1.46%		485
2001	33,740	1,194,193,379	32,117,548	7,534,533	24,583,015	2.06%		729
2002	33,740	1,311,715,589	31,332,548	7,013,303	24,319,245	1.85%		721
2003	33,740	1,310,807,812	29,432,548	6,652,255	22,780,293	1.74%		675
2004	33,740	1,355,527,168	29,550,048	6,161,388	23,388,660	1.73%		693
2005	33,740	1,446,330,397	27,730,049	5,544,075	22,185,974	1.53%		658
2006	33,740	1,501,110,927	26,284,988	4,823,338	21,461,650	1.43%		636
2007	33,740	1,606,297,755	23,859,971	4,092,568	19,767,403	1.23%		586

(1) Weldon Cooper Center for Public Service.

(2) From Table 7

**CITY OF PETERSBURG, VIRGINIA**

**Table 13**

**Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin  
Fiscal Year Ended June 30, 2007**

Net bonded debt (1)	\$	19,767,403
Percentage applicable to government		100%
Amount applicable to government	\$	19,767,403

The City of Petersburg has no overlapping debt.

Total assessed value of real estate	\$	1,392,905,100
10% legal debt limit	\$	139,290,510
Total outstanding debt (2)	\$	40,316,085

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

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

(1) Includes general obligation bonded debt

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

Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year	Revenues and Other Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	\$ 6,255,765	\$ 4,718,896	\$ 1,536,869	\$ 588,548	\$ 361,020	161.85%
2004	6,329,089	6,209,779	119,310	625,867	333,947	12.43%
2005	6,391,549	5,947,644	443,905	969,152	359,294	33.42%
2006	6,263,961	5,968,512	295,449	720,737	190,442	32.42%
2007	6,540,056	6,050,531	489,525	730,770	192,066	53.05%

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Water charges and other includes investment earnings and other nonoperating revenues. Operating expenses do not include interest or depreciation and amortization.

Note: Information for this table has only been available since 2003.

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

Demographic Statistics

Fiscal Year	Registered Voters	School Enrollment	Unemployment Rate	Population (1)
1998	16,400	6,717	n/a	37,027
1999	16,400	6,717	n/a	37,027
2000	16,400	5,961	n/a	37,027
2001	17,379	5,961	6.30%	33,740
2002	18,330	5,961	8.30%	33,740
2003	17,667	5,200	8.00%	33,740
2004	18,096	5,190	10.10%	33,740
2005	18,096	5,034	7.10%	33,740
2006	18,027	4,854	6.60%	31,300
2007	17,485	4,062	6.00%	33,740

Census Statistics

Year	Population Age Distribution		Total	Per Capita Income	Median Household Income
	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	25,248

(1) Weldon Cooper Center for Public Service.

Major Private Employers  
Current Year and Nine Years Ago

Company	Description of Business	Approximate Employment		Percentage of Total City Employment
		Current	Nine Years Ago	
Southside Regional Medical Center	Hospital medical services	1450-1500	1480-1490	9.41%
Wal-Mart	Retail sales	350-400	Opened -1999	2.39%
Brenco, Inc.	Tapered roller bearings	300-350	550-575	2.07%
B. I. Chemicals	Pharmaceuticals	250-300	100-150	1.75%
H.C.A. Poplar Springs Hospital	Medical services	200-250	170-175	1.44%
Virginia Linen	Linen rental services	200-250	145-150	1.44%
Titmus Optical Company	Eyeglass lenses and frames	150-200	495-505	1.12%
Virginia T's	T-shirt distribution	150-200	-	1.12%
Ukrops	Grocery store	100-150	130-135	0.80%
Battlefield Park	Convalescent medical services	100-130	-	0.73%
Walnut Hill Convalescent Center	Convalescent medical services	100-130	-	0.73%
Temple-Inland Corrugated Products	Corrugated products	100-120	360-370	0.70%
Mercury Luggage/Seward	Storage trunks	100-120	200-230	0.70%
Dominion Virginia Power	Electric utility	100-120	190-195	0.70%
B. P. Short and Son Paving	Paving contractors	100-120	130-135	0.70%

Total City employment per 2000 census per Virginia Employment Commission:

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

CITY OF PETERSBURG, VIRGINIA

Table 17

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
City:										
Salaried	750	750	766.5	698	697	696	696	696	681	686
Part-time temporary	175	175	175	155	271	254	239	239	226	234
Public safety:										
Police protection	152	152	152	152	156	163	143	147	147	147
Fire protection	94	94	94	94	93.5	92	86	95	94	94
Jail facilities	93	93	93	86	86	86	86	86	87	88
School Board:										
Administrative personnel	45	45	67	67	67	40	41	42	42	54
Teachers	446	446	592	592	592	441	434.5	436	432	429
All other personnel	294	294	308	308	308	367	383.5	378.5	415	403
Totals *	1,710	1,710	1,909	1,820	1,935	1,798	1,794	1,792	1,796	1,806

Source: Individual City departments and School Board Annual School Report

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

Operating Indicators by Function  
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Police protection:</b>										
Law violations	12,949	12,949	12,949	4,139	10,170	10,976	9,767	22,223	20,398	19,190
Traffic violations	8,076	8,076	8,076	4,124	9,147	10,327	8,854	6,729	8,207	11,961
<b>Arrests reported:</b>										
Adults	6,526	6,526	6,526	1,285	3,465	4,063	4,712	4,551	4,227	4,428
Juveniles	827	827	827	141	221	220	379	377	370	315
Calls for service	68,187	68,187	68,187	64,092	58,010	69,327	64,357	59,289	61,265	55,193
<b>Jail facility inmates:</b>										
Jail	192	192	192	180	188	198	203	193	182	210
Jail annex	65	65	65	81	70	75	70	62	61	28
Riverside Regional	n/a	n/a	n/a	n/a	139	89	89	89	89	148
<b>Community Development:</b>										
<b>Building permits:</b>										
Number issued	372	1,330	1,281	843	928	879	1,371	904	1,245	1,336
Valuation	\$ 9,870,318	\$ 29,723,643	\$ 24,712,516	\$ 18,399,358	\$ 13,038,358	\$ 10,197,966	\$ 16,826,102	\$ 26,849,246	\$ 44,724,170	\$ 116,953,757
<b>Public Utilities:</b>										
Number of active consumers	11,958	11,958	12,000	10,400	10,400	11,482	11,374	11,395	11,399	10,635
Water purchased (annually)-gallons	1.851 billion	1.851 billion	1.92 billion	1.7 billion	1.7 billion	1.7 billion	1.7 billion	1.7 billion	1.7 billion	1.7 billion

n/a = not available

Source: Individual City departments.

CITY OF PETERSBURG, VIRGINIA

Table 19

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Fire protection:</b>										
Number of stations	4	4	4	4	4	4	4	4	4	4
<b>Public works:</b>										
Streets and sidewalks:										
Streets - primary - miles	107	107	107	107	107	107	107	107	107	107
Streets - secondary - miles	281	281	281	281	281	281	281	281	281	281
Sidewalks - miles	72	72	72	72	72	72	72	72	72	72
Street lights	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090
Traffic signals:										
Signalized intersections	57	57	57	57	57	57	57	57	57	57
Lights	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430
Heads	467	467	467	467	467	467	467	467	467	467
Curbs	39	39	39	39	39	39	39	39	39	39
School signals (flashing lights)	11	11	11	11	11	11	11	11	11	11
Other signals (flashing lights)	4	4	4	4	4	4	4	4	4	4
Caution flashing lights	17	17	17	17	17	17	17	17	17	17
Pedestrian signals	54	54	54	54	54	54	54	54	54	54
<b>Sewers:</b>										
Storm - miles	19	19	19	19	19	19	19	19	19	19
Sanitary - miles	191	191	191	191	191	191	191	191	191	191
<b>Public Utilities:</b>										
Water mains - miles	254	254	254	254	254	254	254	254	254	254
Number of hydrants	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Ground level water storage tanks:										
5.6 million gallons	1	1	1	1	1	1	1	1	1	1
1.3 million gallons	1	1	1	1	1	1	1	1	1	1
1.9 million gallons	1	1	1	1	1	1	1	1	1	1
Elevated water storage tanks:										
.5 million gallons	1	1	1	1	1	1	1	1	1	1
1.0 million gallons	2	2	2	2	2	2	2	2	2	2
<b>Culture and recreation</b>										
Parks and recreation:										
Fishing and picnic area (350 acres)	1	1	1	1	1	1	1	1	1	1
Downtown (12.3 acres)	1	1	1	1	1	1	1	1	1	1
Playground (52.8 acres)	12	12	12	12	12	12	12	12	12	12
Golf course	-	-	-	-	-	-	-	-	-	-
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts (lighted)	14	14	14	14	14	14	14	14	14	14
Recreation centers	3	3	3	3	3	3	3	3	3	3
Ballfields	4	4	4	4	4	4	4	4	4	4
Sports complex	1	1	1	1	1	1	1	1	1	1
<b>Education:</b>										
Schools:										
Senior high school grades 9-12	1	1	1	1	1	1	1	1	1	1
Middle school grades 6-7-8	2	2	2	2	2	2	2	2	2	2
Elementary schools	6	7	7	7	7	7	7	7	7	7

Source: Individual City departments

