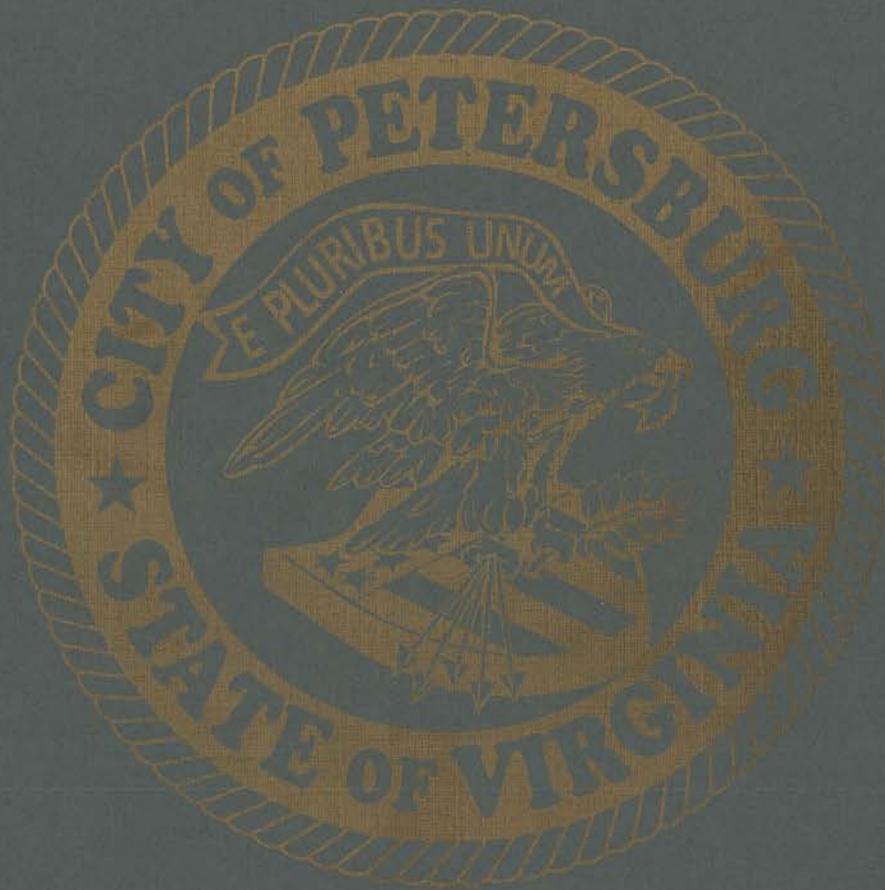
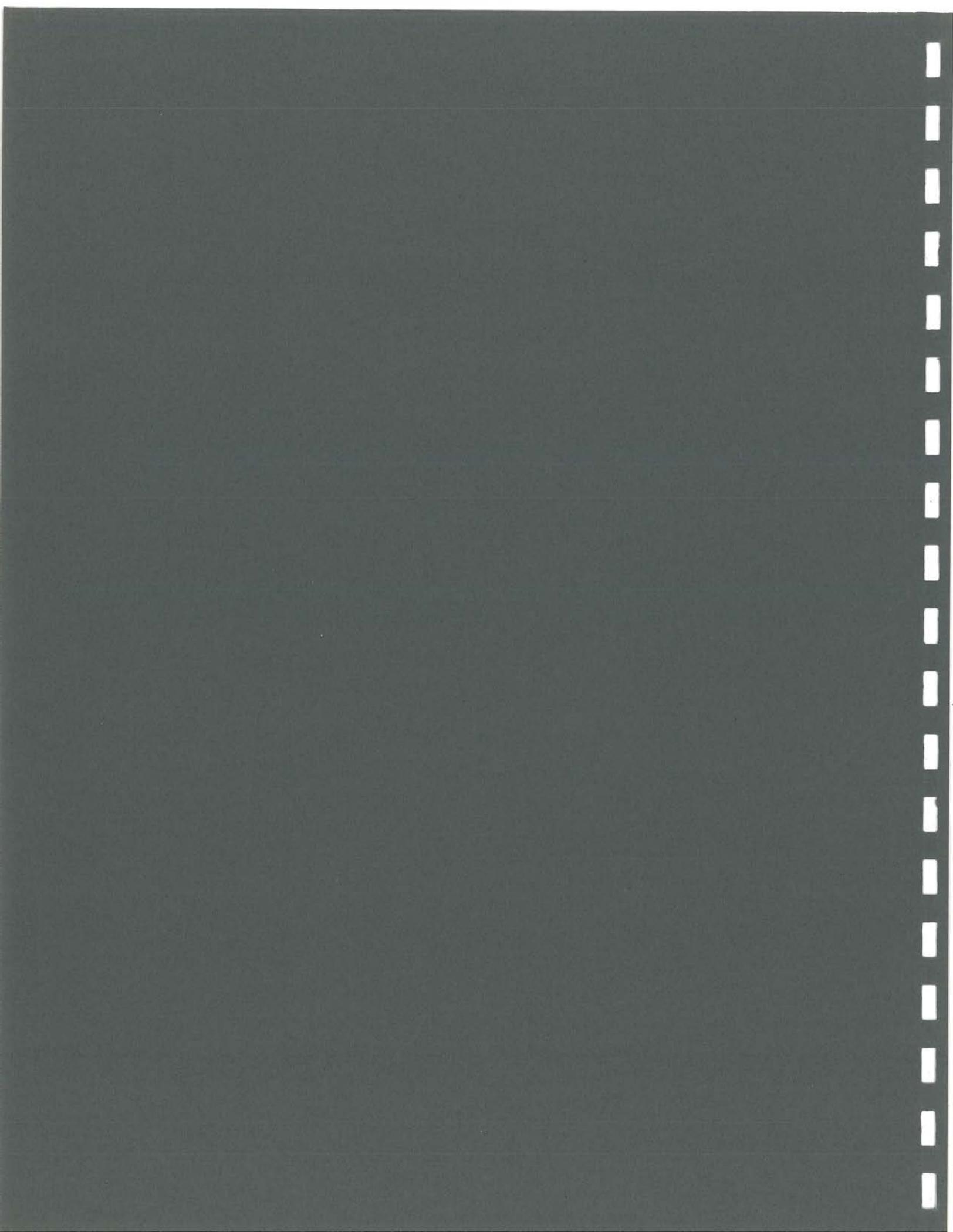


COMPREHENSIVE
ANNUAL FINANCIAL REPORT

City of Petersburg, Virginia



For the Fiscal Year
ended June 30, 2009



City of Petersburg, Virginia

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

Prepared By:

Department of Finance

CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2009

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CITY OF PETERSBURG, VIRGINIA

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CITY OF PETERSBURG, VIRGINIA
CITY COUNCIL AND EXECUTIVE OFFICERS
JUNE 30, 2009

CITY COUNCIL

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

CONSTITUTIONAL OFFICERS

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
William Hefty Acting City Attorney
Randolph A. Rush City Assessor

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

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City of Petersburg

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

City Hall Annex
Petersburg, VA 23803

December 22, 2009

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, 2009, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK AND FUTURE PROSPECTS

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

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

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

Petersburg continues to experience economic development success throughout the City. Development in the southeast portion of the City is highlighted by the previously mentioned hospital project on South Crater Road. Downtown continues to see an influx of private

investment highlighted by the conversions of older commercial and industrial buildings into mixed use projects with ground floor commercial and upper story residential space.

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

MAJOR INITIATIVES

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

Education: During the previous year, the City of Petersburg issued approximately \$9 million of Public Improvement Bonds. The Proceeds were used for the expansion and rehabilitation at Hill and Stuart elementary schools.

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.

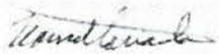
OTHER INFORMATION

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

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

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Petersburg, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Post-Employment Benefits other than Pensions*, effective July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2009, on our consideration of the City of Petersburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Petersburg, Virginia, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, supporting schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and supporting schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 2, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

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, 2009. 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 \$70,417,876 (net assets). Of this amount, \$11,087,081 (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 \$24,649,351, an increase of \$6,209,385 in comparison with the prior year. Sixty percent of this amount (\$14,943,318) 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 \$14,837,698 or 19 percent of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a City's financial position. In the case of the City, assets exceeded liabilities by \$70,417,876 at the close of the fiscal year.

**City of Petersburg's, Net Assets
Schedule of Assets, Liabilities and Net Assets
Governmental and Business-Type Activities
For the Years Ended June 30, 2009 and 2008**

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 35,967,418	\$ 28,234,407	\$ 2,537,589	\$ 6,831,406	\$ 38,505,007	\$ 35,065,813
Capital assets	57,145,632	55,613,789	43,771,396	33,931,348	100,917,028	89,545,137
Total assets	\$ 93,113,050	\$ 83,848,196	\$ 46,308,985	\$ 40,762,754	\$ 139,422,035	\$ 124,610,950
Long-term liabilities outstanding	\$ 42,980,290	\$ 40,824,436	\$ 6,645,687	\$ 7,530,338	\$ 49,625,977	\$ 48,354,774
Current liabilities	15,177,016	14,439,154	4,201,166	6,209,048	19,378,182	20,648,202
Total liabilities	\$ 58,157,306	\$ 55,263,590	\$ 10,846,853	\$ 13,739,386	\$ 69,004,159	\$ 69,002,976
Net assets:						
Invested in capital assets, net of related debt	\$ 16,440,386	\$ 16,802,876	\$ 36,423,288	\$ 25,697,774	\$ 52,863,674	\$ 42,500,650
Restricted	1,898,698	2,086,098	4,568,423	5,151,624	6,467,121	7,237,722
Unrestricted	16,616,660	9,695,632	(5,529,579)	(3,826,030)	11,087,081	5,869,602
Total net assets	\$ 34,955,744	\$ 28,584,606	\$ 35,462,132	\$ 27,023,368	\$ 70,417,876	\$ 55,607,974

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

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

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the City's net assets by \$5,650,495, while business-type activities increased \$8,438,764. Key elements of these increases are as follows:

**City of Petersburg, Virginia's Changes in Net Assets
Governmental and Business-Type Activities
For the Years Ended June 30, 2009 and 2008**

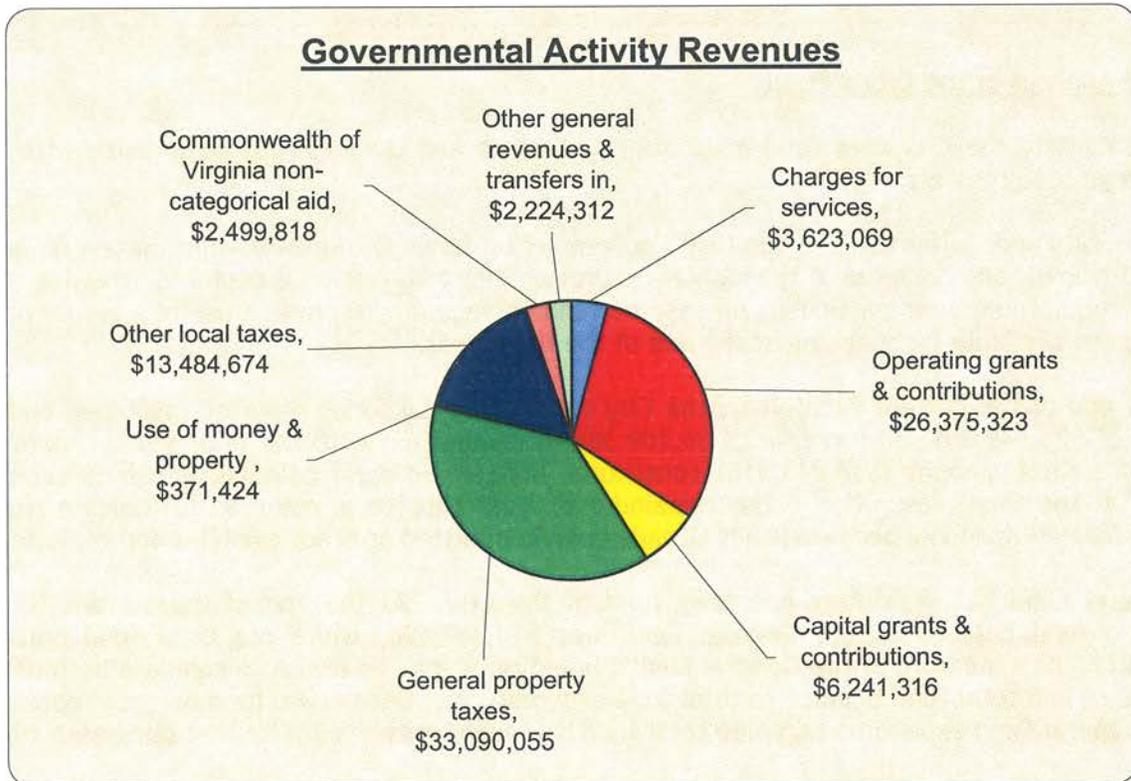
	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 3,623,069	\$ 4,516,518	\$ 8,127,010	\$ 7,738,648	\$ 11,750,079	\$ 12,255,166
Operating grants and contributions	26,375,323	27,547,181	1,751,172	1,415,667	28,126,495	28,962,848
Capital grants and contributions	6,241,316	3,070,207	10,993,451	9,571,396	17,234,767	12,641,603
General revenues:						
General property taxes	33,090,055	28,860,512	-	-	33,090,055	28,860,512
Other local taxes	13,484,674	13,797,559	-	-	13,484,674	13,797,559
Use of money and property	371,424	507,218	286,799	50,284	658,223	557,502
Comm. of Virginia non-categorical aid	2,499,818	2,969,344	-	-	2,499,818	2,969,344
Other general revenues	2,224,312	48,183	-	-	2,224,312	48,183
Total revenues	\$ 87,909,991	\$ 81,316,722	\$ 21,158,432	\$ 18,775,995	\$ 109,068,424	\$ 100,092,717
Expenses:						
General government						
administration	\$ 4,476,479	\$ 4,409,342	\$ -	\$ -	\$ 4,476,479	\$ 4,409,342
Judicial administration	2,384,990	2,209,742	-	-	2,384,990	2,209,742
Public safety	28,266,555	26,424,002	-	-	28,266,555	26,424,002
Public works	14,737,685	12,120,847	-	-	14,737,685	12,120,847
Health and welfare	15,835,032	16,441,259	-	-	15,835,032	16,441,259
Education	10,789,591	9,461,387	-	-	10,789,591	9,461,387
Parks, recreation, and cultural	2,453,245	3,862,492	-	-	2,453,245	3,862,492
Community development	2,238,970	2,206,472	-	-	2,238,970	2,206,472
Interest	1,186,876	1,187,375	-	-	1,186,876	1,187,375
Public Utility	-	-	8,514,037	8,393,991	8,514,037	8,393,991
Mass Transit	-	-	2,919,251	3,021,131	2,919,251	3,021,131
Golf Course	-	-	1,176,452	622,377	1,176,452	622,377
Total expenses	\$ 82,369,424	\$ 78,322,918	\$ 12,609,740	\$ 12,037,499	\$ 94,979,164	\$ 90,360,417
Increase (decrease) in net assets						
before transfers	\$ 5,540,567	\$ 2,993,804	\$ 8,548,692	\$ 6,738,496	\$ 14,089,259	\$ 9,732,300
Transfers	109,928	-	(109,928)	-	-	-
Increase (decrease) in net assets	\$ 5,650,495	\$ 2,993,804	\$ 8,438,764	\$ 6,738,496	\$ 14,089,259	\$ 9,732,300
Net assets beginning of year,						
as restated	29,305,249	26,311,445	27,023,368	20,284,872	56,328,617	46,596,317
Net assets end of year	\$ 34,955,744	\$ 29,305,249	\$ 35,462,132	\$ 27,023,368	\$ 70,417,876	\$ 56,328,617

Government-wide Financial Analysis (Continued)

The City's net assets increased \$14,089,259 during the current fiscal year. This increase was reflective of an increase in net assets of business-type activities of \$8,438,764 and an increase of \$5,650,495 in governmental activities. Governmental activity revenues increased from \$81,316,722 to \$87,909,991 an increase of \$6,593,269 or 8.11%. The economic downturn has caused revenues such as charges for services, (\$893,449); Operating grants and contributions (\$1,171,858) and other tax revenues to decline. The more significant increases were noted in real estate and machinery and tools property taxes (\$4,229,543) and capital grants and contributions, which increased due to the donations received from the Cameron Foundation for education (\$4,430,000). Governmental expenses increased from \$78,322,918 to \$82,369,424 or \$4,046,506. Key elements of increases are noted in Public Safety and Public Works. Expenditures for Public Safety increased by 7 percent (\$1,842,553) due primarily to increased police department expenditures of \$527,243. Public Works expenses increased by \$2,616,838 reflected primarily in Refuse collection (\$441,168) and Building maintenance (\$687,353). Overall, the City changes in net assets for governmental activities were \$5,650,495 or 7% of expenses.

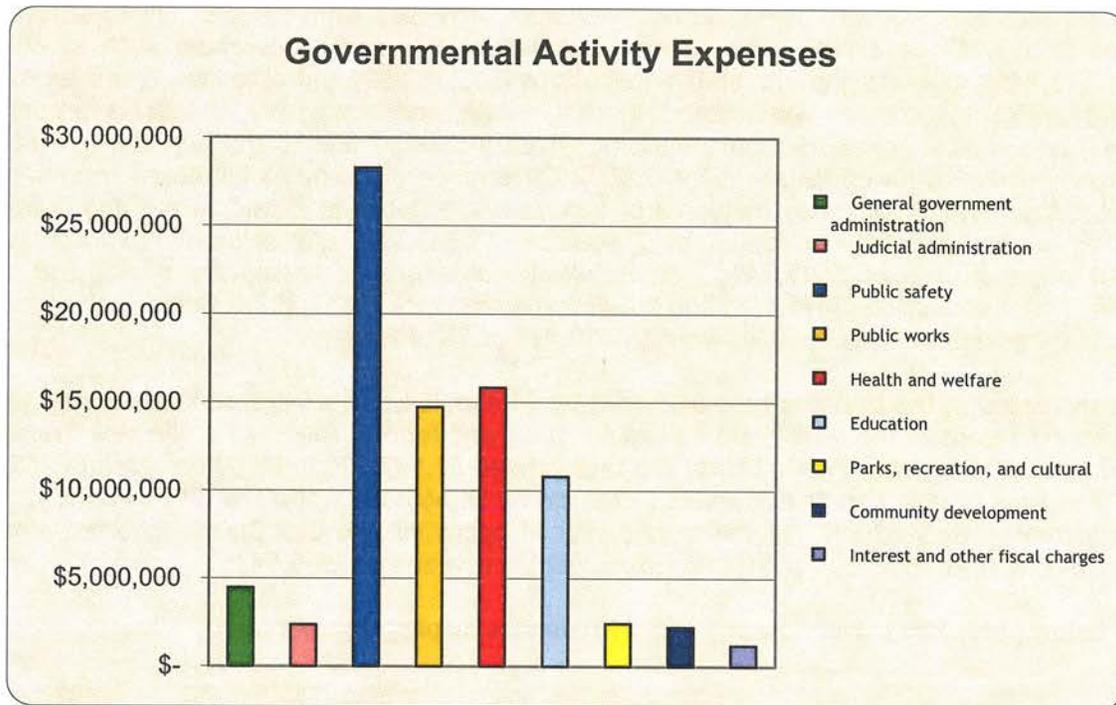
Net assets increased in the business-type activities by \$8,438,764. This increase is attributed principally to capital contributions in the Mass Transit Fund for state and federal funding for the new Transit Center in the amount of \$9,396,245. Public Utility tap fees totaled \$1,597,206 in FY 09 compared to \$2,210,427 in FY 08. The Mass Transit Fund's net assets increased by \$8,665,304 while the City's Public Utility Fund net assets increased by \$363,897. In the second year of operation the Golf Course incurred a net loss of \$590,437 resulting from expenses of \$1,176,452 exceeding revenue of \$565,943.

The chart below provides an overview of FY 08-09 revenues by program source:



Government-wide Financial Analysis (Continued)

The chart below denotes expenses by major category.



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,649,351, an increase of \$6,209,385 in comparison with the prior year. Approximately 61% of this total amount (\$14,943,318) 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:

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 \$14,837,698, while the total fund balance was \$20,256,027. 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 19% of total General Fund expenditures, while total fund balance represents 26% of that same amount.

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

The fund balance of the City's General Fund increased \$254,465 during the current fiscal year. Key factors in the increase are as follows:

- An increase in real property taxes of \$3,377,113 and machinery and tools taxes of \$505,696 increase in machinery and tools taxes.
- A decrease in commonwealth funding of \$1,970,002 and an increase in federal funding of \$763,131. The AARA fiscal stabilization funds funding reclassification at the state level in the amount of \$1,065,651 caused the increase in federal funding and the reduction in state aid of \$478,787 contributed to the decline in commonwealth funding.
- A decrease was noted in fines and forfeitures totaling \$603,291
- An increase of \$980,995 in public safety expenditures due primarily to increased expenditures of the police department of \$527,243
- An increase of \$1,299,796 in public works expenditures due primarily to increase in refuse collection of \$441,168 and an increase of \$687,353 in building maintenance.
- An increase of \$1,002,865 in contributions to the School Board.

The City's other governmental funds reflected an overall increase in fund balances of \$5,954,920. The Capital Projects fund balance increased \$5,753,083 and the other non-major funds increased \$201,837. The increase in the Capital Projects fund was primarily caused by the issuance of debt for \$7,360,000, which is funding the construction of Hospital Road. The City expended \$3,674,811 in the Hill & Stuart Schools.

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

Unrestricted net assets (deficit) of the Public Utility Fund, Mass Transit Fund and the Golf Course at the end of the year were \$557,121, (\$4,838,702), and (\$1,247,998), respectively. The total change in net assets for these funds was \$8,438,764. This increase is primarily attributable to the increase in net assets of the Mass Transit Fund of \$8,665,304, which is due to increased capital contributions consisting of state and federal funding for the construction of a new mass transit center.

General Fund Budgetary Highlights

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

- An increase of \$435,155 for the police department.
- An increase of \$300,338 for the city jail
- An increase of \$1,082,878 in public works for highways, streets, bridges and sidewalk maintenance.
- An increase of \$733,503 in maintenance of general buildings and grounds for building maintenance.

As noted earlier, most of these programs are funded from State and Federal grant sources. Budgeted revenue amounts from the Commonwealth of Virginia and Federal government were increased by a combined \$481,308. During the year ended June 30, 2009, the local revenue budgeted amounts increased by a total of \$104,160.

General Fund Budgetary Highlights: (Continued)

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

- Legal services expenditures exceeded the final budget by \$173,927.
- Refuse collection expenditures exceeded the final budget by \$473,281.
- Social service expenditures were less than final budget amounts by \$1,299,787.
- The final budget was exceeded by expenditures in the building maintenance department by \$52,394.
- Parks, recreation and cultural expenditures exceeded the budget by \$221,110.
- School Board expenditures were \$1,535,309 less than final budget amounts

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, 2009 totaled \$100,917,028 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, water capacity rights intangibles, vehicles, and machinery and equipment. Current year depreciation on the assets amounted to \$6,355,257 in the governmental activities and \$1,058,491 in the business-type activities. The City's governmental capital assets, net of accumulated depreciation, increased \$811,200. The City's business-type capital assets, net of accumulated depreciation, increased \$9,840,048, due primarily to the on-going construction of a new Mass Transit Center. 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 \$49,469,793 and the business-type activities had \$7,553,817. Of these amounts \$26,478,086 comprises debt backed by the full faith and credit of the City as general obligation and Qualified Zone Academy bonds. During the fiscal year, the City issued general obligation bonds in the amount of \$11,360,000. \$4,000,000 was intended for the purpose of improvements for the golf course, and the remaining \$7,360,000 was intended for improvements to the landfill and the multi-modal transportation center. The City issued capital lease obligations in the amount of \$782,997 for equipment purchases. The City also issued and redeemed \$12,500,000 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 14.60% at June 30, 2009, which is higher than the 7.7% at June 30, 2008.

This factor was considered in preparing the City's budget for the 2010 fiscal year. The budget for FY '10 totals \$92,938,887, which is an increase of \$2,192,207 or 2.42% over the fiscal 2009 approved budget. The real estate tax rate of \$1.35 per \$100 assessment remains unchanged.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 10,222,431	\$ 1,225,081	\$ 11,447,512	\$ 736,921
Restricted	-	860,000	860,000	-
Receivables (net of allowance for uncollectibles):				
Property taxes	4,388,452	-	4,388,452	-
Accounts receivable	973,918	1,838,008	2,811,926	283,161
Inventory	4,900,400	541,939	5,442,339	339,378
Prepaid items	52,775	-	52,775	491,050
Due from Primary Government	-	-	-	2,851,215
Internal balances	7,663,840	(7,663,840)	-	-
Due from other governmental units	5,866,904	2,027,978	7,894,882	1,663,398
Total Current Assets	\$ 34,068,720	\$ (1,170,834)	\$ 32,897,886	\$ 6,365,123
Noncurrent Assets				
Restricted	\$ 1,898,698	\$ 3,708,423	\$ 5,607,121	\$ -
Capital assets (net of depreciation):				
Land and land improvements	\$ 6,839,171	\$ 5,540,577	\$ 12,379,748	\$ 5,000
Water capacity rights	-	2,983,500	2,983,500	-
Utility plant in service	-	12,352,807	12,352,807	-
Vehicles	1,165,458	2,127,052	3,292,510	932,952
Equipment and machinery	5,998,418	209,988	6,208,406	210,953
Buildings and improvements	30,929,450	-	30,929,450	8,515,594
Infrastructure	11,036,029	-	11,036,029	-
Construction in progress	1,177,106	20,557,472	21,734,578	582,325
Total Capital Assets	\$ 57,145,632	\$ 43,771,396	\$ 100,917,028	\$ 10,246,824
Total Noncurrent Assets	\$ 59,044,330	\$ 47,479,819	\$ 106,524,149	\$ 10,246,824
Total Assets	\$ 93,113,050	\$ 46,308,985	\$ 139,422,035	\$ 16,611,947
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 5,353,231	\$ 2,739,550	\$ 8,092,781	\$ 4,000,689
Accrued interest payable	404,709	50,595	455,304	-
Customer deposits	44,025	502,895	546,920	-
Unearned revenue	11,534	-	11,534	69,400
Due to other governments	22,799	-	22,799	-
Due to Component Unit School Board	2,851,215	-	2,851,215	-
Current portion of long-term obligations	6,489,503	908,126	7,397,629	330,119
Total Current Liabilities	\$ 15,177,016	\$ 4,201,166	\$ 19,378,182	\$ 4,400,208
Noncurrent Liabilities				
Noncurrent portion of long-term obligations	42,980,290	6,645,687	49,625,977	2,017,804
Total Liabilities	\$ 58,157,306	\$ 10,846,853	\$ 69,004,159	\$ 6,418,012
NET ASSETS				
Invested in capital assets, net of related debt	\$ 16,440,386	\$ 36,423,288	\$ 52,863,674	\$ 8,834,952
Restricted for SCWA debt service	-	4,568,423	4,568,423	-
Restricted for perpetual care - nonexpendable	1,898,698	-	1,898,698	-
Unrestricted	16,616,660	(5,529,579)	11,087,081	1,358,983
Total Net Assets	\$ 34,955,744	\$ 35,462,132	\$ 70,417,876	\$ 10,193,935
Total Liabilities and Net Assets	\$ 93,113,050	\$ 46,308,985	\$ 139,422,035	\$ 16,611,947

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

CITY OF PETERSBURG, VIRGINIA

Statement of Activities
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,476,479	\$ 15,442	\$ 344,481	\$ -
Judicial administration	2,384,990	562,801	1,292,166	-
Public safety	28,266,555	799,041	7,490,017	-
Public works	14,737,685	2,068,003	4,620,981	1,311,316
Health and welfare	15,835,032	-	11,693,590	-
Education	10,789,591	-	-	4,430,000
Parks, recreation, and cultural	2,453,245	176,435	185,700	-
Community development	2,238,970	1,347	748,388	500,000
Interest	1,186,876	-	-	-
Total governmental activities	\$ 82,369,424	\$ 3,623,069	\$ 26,375,323	\$ 6,241,316
Business-type activities:				
Public utility	\$ 8,514,037	\$ 7,123,929	\$ -	\$ 1,597,206
Mass transit	2,919,251	437,138	1,751,172	9,396,245
Golf course	1,176,452	565,943	-	-
Total business-type activities	\$ 12,609,740	\$ 8,127,010	\$ 1,751,172	\$ 10,993,451
Total primary government	\$ 94,979,164	\$ 11,750,079	\$ 28,126,495	\$ 17,234,767
COMPONENT UNIT:				
School Board	\$ 51,985,213	\$ 776,469	\$ 41,903,011	\$ -

General revenues:
 General property taxes
 Local sales and use taxes
 Communication taxes
 Consumer utility taxes
 Business license taxes
 Motor vehicle license taxes
 Lodging taxes
 Meals taxes
 Other local taxes
 Unrestricted revenues from use of money and property
 Miscellaneous
 Grants and contributions not restricted to specific programs
 City contribution to the school board
 Transfers
 Total general revenues and transfers
 Change in net assets
 Net assets - beginning, as restated
 Net assets - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	School Board	
\$ (4,116,556)	\$ -	\$ (4,116,556)	\$ -	-
(530,023)	-	(530,023)	-	-
(19,977,497)	-	(19,977,497)	-	-
(6,737,385)	-	(6,737,385)	-	-
(4,141,442)	-	(4,141,442)	-	-
(6,359,591)	-	(6,359,591)	-	-
(2,091,110)	-	(2,091,110)	-	-
(989,235)	-	(989,235)	-	-
(1,186,876)	-	(1,186,876)	-	-
<u>\$ (46,129,714)</u>	<u>\$ -</u>	<u>\$ (46,129,714)</u>	<u>\$ -</u>	<u>-</u>
	\$ 207,098	\$ 207,098	\$ -	-
	8,665,304	8,665,304	-	-
	(610,509)	(610,509)	-	-
	<u>\$ 8,261,893</u>	<u>\$ 8,261,893</u>	<u>\$ -</u>	<u>-</u>
<u>\$ (46,129,714)</u>	<u>\$ 8,261,893</u>	<u>\$ (37,867,821)</u>	<u>\$ -</u>	<u>-</u>
			\$ (9,305,733)	
\$ 33,090,055	\$ -	\$ 33,090,055	\$ -	-
3,796,848	-	3,796,848	-	-
1,917,241	-	1,917,241	-	-
1,778,414	-	1,778,414	-	-
3,144,714	-	3,144,714	-	-
533,365	-	533,365	-	-
435,520	-	435,520	-	-
1,316,975	-	1,316,975	-	-
561,595	-	561,595	-	-
371,424	286,799	658,223	45,329	-
2,224,312	-	2,224,312	506,261	-
2,499,818	-	2,499,818	-	-
-	-	-	9,639,231	-
109,928	(109,928)	-	-	-
<u>\$ 51,780,209</u>	<u>\$ 176,871</u>	<u>\$ 51,957,080</u>	<u>\$ 10,190,821</u>	<u>-</u>
\$ 5,650,495	\$ 8,438,764	\$ 14,089,259	\$ 885,088	-
29,305,249	27,023,368	56,328,617	9,308,847	-
<u>\$ 34,955,744</u>	<u>\$ 35,462,132</u>	<u>\$ 70,417,876</u>	<u>\$ 10,193,935</u>	<u>-</u>

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2009

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Non Major Funds	
ASSETS				
Cash and cash equivalents	\$ 4,623,797	\$ 5,469,583	\$ 129,051	\$ 10,222,431
Restricted cash	-	-	1,898,698	1,898,698
Receivables (Net of allowances for uncollectibles):				
Taxes	4,388,452	-	-	4,388,452
Accounts	973,918	-	-	973,918
Inventory and land held for resale	4,900,400	-	-	4,900,400
Prepaid items	52,775	-	-	52,775
Due from other funds	7,777,243	279,781	-	8,057,024
Due from Component Unit School Board	219,271	-	-	219,271
Due from other governmental units	5,162,280	-	704,624	5,866,904
Total assets	<u>\$ 28,098,136</u>	<u>\$ 5,749,364</u>	<u>\$ 2,732,373</u>	<u>\$ 36,579,873</u>
LIABILITIES				
Accounts payable	\$ 3,706,427	\$ 426,723	\$ 163,687	\$ 4,296,837
Accrued salaries and withholdings payable	1,056,394	-	-	1,056,394
Deposits held	44,025	-	-	44,025
Due to other funds	-	-	393,184	393,184
Due to Component Unit School Board	-	3,070,486	-	3,070,486
Due to other governmental units	-	-	22,799	22,799
Unearned revenue	3,035,263	-	11,534	3,046,797
Total liabilities	<u>\$ 7,842,109</u>	<u>\$ 3,497,209</u>	<u>\$ 591,204</u>	<u>\$ 11,930,522</u>
FUND BALANCES				
Reserved for:				
Inventory	\$ 4,900,400	\$ -	\$ -	\$ 4,900,400
Encumbrances	517,929	-	-	517,929
Capital projects	-	2,252,155	-	2,252,155
Community development expenditures	-	-	136,851	136,851
Permanent Funds - perpetual care of cemetery	-	-	1,877,732	1,877,732
Permanent Funds - McKenney scholarships	-	-	18,966	18,966
Permanent Funds - library endowment	-	-	2,000	2,000
Unreserved, reported in:				
General fund	14,837,698	-	-	14,837,698
Special revenue funds	-	-	105,620	105,620
Total fund balances	<u>\$ 20,256,027</u>	<u>\$ 2,252,155</u>	<u>\$ 2,141,169</u>	<u>\$ 24,649,351</u>
Total liabilities and fund balances	<u>\$ 28,098,136</u>	<u>\$ 5,749,364</u>	<u>\$ 2,732,373</u>	<u>\$ 36,579,873</u>

Fund balances above \$ 24,649,351

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole. 57,145,632

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (404,709)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance. 3,035,263

Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets. (49,469,793)

Net assets of General Government Activities \$ 34,955,744

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

Statement of Revenues, Expenditures and Changes in Fund Balances --
 Governmental Funds
 Year Ended June 30, 2009

	Governmental Fund Types			
	General	Capital Projects	Non- Major Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 32,299,130	\$ -	\$ -	\$ 32,299,130
Other local taxes	13,484,673	-	-	13,484,673
Permits, privilege fees and regulatory licenses	660,299	-	-	660,299
Fines and forfeitures	468,464	-	-	468,464
Revenue from use of money and property	285,958	4,441	81,025	371,424
Charges for services	2,488,730	-	5,575	2,494,305
Miscellaneous	274,088	6,380,226	-	6,654,314
Recovered costs	351,234	-	27,555	378,789
Intergovernmental:				
Commonwealth	20,738,502	1,811,316	409,129	22,958,947
Federal	6,287,035	-	1,440,475	7,727,510
Total revenues	\$ 77,338,113	\$ 8,195,983	\$ 1,963,759	\$ 87,497,855
Expenditures:				
Current:				
General government administration	\$ 4,360,569	\$ -	\$ -	\$ 4,360,569
Judicial administration	2,184,145	-	-	2,184,145
Public safety	25,414,156	8,600	1,143,382	26,566,138
Public works	11,216,148	2,940,528	-	14,156,676
Health and welfare	15,499,383	-	-	15,499,383
Education	9,644,101	3,674,811	183,762	13,502,674
Parks, recreation, and cultural	2,246,167	413,251	-	2,659,418
Community development	1,918,043	7,345	266,695	2,192,083
Nondepartmental	959,214	-	-	959,214
Debt service:				
Principal retirement	3,283,971	2,964,693	-	6,248,664
Interest and other fiscal charges	1,349,143	148,229	-	1,497,372
Total expenditures	\$ 78,075,040	\$ 10,157,457	\$ 1,593,839	\$ 89,826,336
Excess (deficiency) of revenues over expenditures	\$ (736,927)	\$ (1,961,474)	\$ 369,920	\$ (2,328,481)
Other financing sources (uses):				
Transfers in	\$ 587,199	\$ 391,053	\$ 378,804	\$ 1,357,056
Transfers (out)	(378,804)	(321,437)	(546,887)	(1,247,128)
Issuance of debt	782,997	7,360,000	-	8,142,997
Premium on debt issued	-	284,941	-	284,941
Total other financing sources (uses)	\$ 991,392	\$ 7,714,557	\$ (168,083)	\$ 8,537,866
Changes in fund balance	\$ 254,465	\$ 5,753,083	\$ 201,837	\$ 6,209,385
Fund balances at beginning of year	20,001,562	(3,500,928)	1,939,332	18,439,966
Fund balances at end of year	<u>\$ 20,256,027</u>	<u>\$ 2,252,155</u>	<u>\$ 2,141,169</u>	<u>\$ 24,649,351</u>

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Year Ended June 30, 2009

	<u>Primary Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 6,209,385
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	\$ 7,473,440
Capital asset disposals	(306,982)
Depreciation expense	<u>(6,355,257)</u>
	811,201
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in deferred taxes.	790,925
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:	
Principal retired on debt	\$ 6,248,664
Proceeds from debt issued	<u>(8,142,997)</u>
	(1,894,333)
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	\$ (115,238)
Other post employment benefits	(177,000)
Change in interest payable	<u>25,555</u>
	(266,683)
Change in net assets of governmental activities	<u>\$ 5,650,495</u>

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

Statement of Net Assets
 Proprietary Funds
 June 30, 2009

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,224,381	\$ -	\$ 700	\$ 1,225,081
Receivables (net of allowance for uncollectibles):				
Accounts receivable	1,796,160	41,848	-	1,838,008
Due from other governmental units	-	2,027,978	-	2,027,978
Restricted	860,000	-	-	860,000
Inventory	255,387	253,134	33,418	541,939
Total Current Assets	\$ 4,135,928	\$ 2,322,960	\$ 34,118	\$ 6,493,006
Noncurrent Assets				
Restricted	\$ 3,708,423	\$ -	\$ -	\$ 3,708,423
Capital assets:				
Land and land improvements	\$ 173,898	\$ 1,143,415	\$ 4,314,688	\$ 5,632,001
Utility plant in service	24,738,286	1,651,637	-	26,389,923
Water capacity rights	4,420,000	-	-	4,420,000
Vehicles	1,188,689	5,768,577	-	6,957,266
Equipment and machinery	1,174,241	243,861	-	1,418,102
Construction in progress	-	20,557,472	-	20,557,472
Less accumulated depreciation	(16,413,379)	(5,098,565)	(91,424)	(21,603,368)
Total capital assets (net of accumulated depreciation)	\$ 15,281,735	\$ 24,266,397	\$ 4,223,264	\$ 43,771,396
Total Noncurrent Assets	\$ 18,990,158	\$ 24,266,397	\$ 4,223,264	\$ 47,479,819
Total assets	\$ 23,126,086	\$ 26,589,357	\$ 4,257,382	\$ 53,972,825
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 397,133	\$ 2,242,857	\$ 17,676	\$ 2,657,666
Accrued salaries payable	37,700	40,114	4,070	81,884
Accrued interest payable	41,574	-	9,021	50,595
Due to other funds	1,637,740	4,783,923	1,242,177	7,663,840
Customers' deposits payable	502,895	-	-	502,895
Current portion of long-term debt	865,050	42,159	917	908,126
Total Current Liabilities	\$ 3,482,092	\$ 7,109,053	\$ 1,273,861	\$ 11,865,006
Noncurrent Liabilities				
Capital lease obligations	\$ 221,708	\$ 173,941	\$ -	\$ 395,649
Compensated absences	91,590	52,609	8,255	152,454
Bonds payable	2,097,584	-	4,000,000	6,097,584
Total Noncurrent Liabilities	\$ 2,410,882	\$ 226,550	\$ 4,008,255	\$ 6,645,687
Total liabilities	\$ 5,892,974	\$ 7,335,603	\$ 5,282,116	\$ 18,510,693
NET ASSETS				
Invested in capital assets, net of related debt	\$ 12,107,568	\$ 24,092,456	\$ 223,264	\$ 36,423,288
Restricted for SCWA debt service	4,568,423	-	-	4,568,423
Unrestricted	557,121	(4,838,702)	(1,247,998)	(5,529,579)
Total Net Assets	\$ 17,233,112	\$ 19,253,754	\$ (1,024,734)	\$ 35,462,132
Total Liabilities and Net Assets	\$ 23,126,086	\$ 26,589,357	\$ 4,257,382	\$ 53,972,825

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

Statement of Revenues, Expenses and Changes in Net Assets --
 Proprietary Funds
 Year Ended June 30, 2009

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Operating revenues:				
Charges for services	\$ 7,120,466	\$ 436,471	\$ 565,603	\$ 8,122,540
Miscellaneous income	3,463	667	340	4,470
Total operating revenues	<u>\$ 7,123,929</u>	<u>\$ 437,138</u>	<u>\$ 565,943</u>	<u>\$ 8,127,010</u>
Operating expenses:				
Personal services	\$ 1,307,983	\$ 1,201,483	\$ 132,923	\$ 2,642,389
Fringe benefits	358,120	284,715	30,152	672,987
Contractual services	573,847	462,548	520,505	1,556,900
Wastewater treatment services	2,276,169	-	-	2,276,169
Water purchased for resale	1,329,297	-	-	1,329,297
Other charges	1,021,588	572,432	255,446	1,849,466
Depreciation	609,582	387,737	61,172	1,058,491
Total operating expenses	<u>\$ 7,476,586</u>	<u>\$ 2,908,915</u>	<u>\$ 1,000,198</u>	<u>\$ 11,385,699</u>
Operating income (loss)	<u>\$ (352,657)</u>	<u>\$ (2,471,777)</u>	<u>\$ (434,255)</u>	<u>\$ (3,258,689)</u>
Nonoperating revenues (expenses):				
Connection fees	\$ 1,597,206	\$ -	\$ -	\$ 1,597,206
State grants	-	479,974	-	479,974
Federal grants	-	1,271,198	-	1,271,198
Investment earnings	286,799	-	-	286,799
Contribution to SCWA for debt service	(870,000)	-	-	(870,000)
Interest expense	(167,451)	(10,336)	(176,254)	(354,041)
Total nonoperating revenues (expenses)	<u>\$ 846,554</u>	<u>\$ 1,740,836</u>	<u>\$ (176,254)</u>	<u>\$ 2,411,136</u>
Income (loss) before contributions and transfers	\$ 493,897	\$ (730,941)	\$ (610,509)	\$ (847,553)
Capital contributions and construction grants	-	9,396,245	-	9,396,245
Transfers in	-	-	20,072	20,072
Transfers (out)	(130,000)	-	-	(130,000)
Changes in net assets	\$ 363,897	\$ 8,665,304	\$ (590,437)	\$ 8,438,764
Net assets at beginning of year, (deficit)	<u>16,869,215</u>	<u>10,588,450</u>	<u>(434,297)</u>	<u>27,023,368</u>
Net assets at end of year, (deficit)	<u>\$ 17,233,112</u>	<u>\$ 19,253,754</u>	<u>\$ (1,024,734)</u>	<u>\$ 35,462,132</u>

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

Statement of Cash Flows --
 Proprietary Funds
 Year Ended June 30, 2009

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 7,100,159	\$ 388,974	\$ 565,945	\$ 8,055,078
Payments to suppliers	(1,652,442)	(1,486,710)	(157,572)	(3,296,724)
Payments to employees (including fringe benefits)	(5,246,559)	(1,073,171)	(828,669)	(7,148,399)
Net cash provided (used) by operating activities	<u>\$ 201,158</u>	<u>\$ (2,170,907)</u>	<u>\$ (420,296)</u>	<u>\$ (2,390,045)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	\$ (23,685)	\$ (12,029,971)	\$ (20,072)	\$ (12,073,728)
Capital grants	-	11,603,586	-	11,603,586
Interest expense	(175,739)	(46,650)	(210,733)	(433,122)
Retirement of indebtedness	(824,227)	-	-	(824,227)
Net cash (used) by capital and related financing activities	<u>\$ (1,023,651)</u>	<u>\$ (473,035)</u>	<u>\$ (230,805)</u>	<u>\$ (1,727,491)</u>
Cash flows from noncapital financing activities:				
State and federal grants	\$ -	\$ 1,751,172	\$ -	\$ 1,751,172
Advances to and from other funds	449,668	1,323,062	651,801	2,424,531
Connection fees	1,597,206	-	-	1,597,206
Net cash provided by noncapital financing activities	<u>\$ 2,046,874</u>	<u>\$ 3,074,234</u>	<u>\$ 651,801</u>	<u>\$ 5,772,909</u>
Increase in cash and cash equivalents	\$ 1,224,381	\$ 430,292	\$ 700	\$ 1,655,373
Cash and cash equivalents at beginning of year	-	(430,292)	-	(430,292)
Cash and cash equivalents at end of year	<u>\$ 1,224,381</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 1,225,081</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (352,657)	\$ (2,471,777)	\$ (434,255)	\$ (3,258,689)
Adjustments to reconcile net loss to net cash provided by operations:				
Depreciation	\$ 609,582	\$ 387,737	\$ 61,172	\$ 1,058,491
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable and due from other governments	(57,046)	(41,848)	-	(98,894)
Inventory	(1,509)	(62,239)	(10,864)	(74,612)
Increase (decrease) in:				
Accounts payable and accrued expenses	(40,530)	17,732	(41,852)	(64,650)
Customer deposits	29,657	-	-	29,657
Compensated absences	13,661	(512)	5,503	18,652
Total adjustments	<u>\$ 553,815</u>	<u>\$ 300,870</u>	<u>\$ 13,959</u>	<u>\$ 868,644</u>
Net cash provided (used) by operating activities	<u>\$ 201,158</u>	<u>\$ (2,170,907)</u>	<u>\$ (420,296)</u>	<u>\$ (2,390,045)</u>
Noncash investing, capital and financing activities:				
Contribution to SCWA for debt service	\$ (870,000)	-	-	\$ (870,000)

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

Statement of Fiduciary Net Assets
At June 30, 2009

	Hospital Trust Fund	
	Private- Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 509,614	\$ 595,023
Total assets	<u>\$ 509,614</u>	<u>\$ 595,023</u>
LIABILITIES		
Accounts payable	\$ 65,000	\$ -
Amounts held for inmates	-	354,542
Jail inmate telephone account	-	183,722
Amounts held for social service clients	-	56,759
Total liabilities	\$ 65,000	\$ 595,023
NET ASSETS		
Held for hospitalization care for welfare recipients	<u>444,614</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 509,614</u>	<u>\$ 595,023</u>

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

Statement of Changes in Fiduciary Net Assets
 Year Ended June 30, 2009

	Hospital Trust Fund Private- Purpose Trust
Additions	
Investment income	\$ 28,111
Total additions	<u>\$ 28,111</u>
Deductions	
Administrative charges	\$ 35,000
Total deductions	<u>\$ 35,000</u>
Change in net assets	\$ (6,889)
Net assets - beginning of the year	451,503
Net assets - end of the year	<u><u>\$ 444,614</u></u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009

Note 1—Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The City has no blended component units to be included for the fiscal year ended June 30, 2009.

Discretely Presented Component Unit. The School Board is a discretely presented component unit of the City of Petersburg, Virginia for the fiscal year ended June 30, 2009.

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

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

C. Other Related Organizations

Included in the City's Comprehensive Annual Financial Report

None

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

C. Other Related Organizations: (Continued)

Excluded from the City's Comprehensive Annual Financial Report

Joint Ventures

South Central Wastewater Authority

The South Central Wastewater Authority is considered a joint venture and therefore its operations are not included in the City's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase wastewater treatment services from the Authority at prescribed rates and capacity levels. Based on the City's capacity level of 10.5 million gallons out of total capacity of 20 million gallons, the City retains an on-going financial responsibility for the joint venture due to this requirement. The City's expenditures for wastewater treatment services for the year ended June 30, 2009 were \$2,276,169 and amortization of prepaid debt service totaled \$870,000. The City does not retain a financial interest in the SCWA.

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

Riverside Regional Jail Authority

The Riverside Regional Jail Authority is considered a joint venture and therefore its operations are not included in the City's financial statements. The Counties of Charles City, Chesterfield, Prince George and Surry and the Cities of Petersburg, Colonial Heights and Hopewell each appoint one member to the seven member board. Each participating entity is required to commit prisoners and pay the established per diem charge in accordance with its service agreement with the RRJA. The City's expenditures for confinement services for the year ended June 30, 2009 were \$1,860,219. The City does not retain a financial interest in the RRJA.

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

Appomattox River Water Authority

The Appomattox River Water Authority is considered a joint venture and therefore its operations are not included in the City's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase water in accordance with its service agreement with the ARWA. The City's expenses for water purchased for the year ended June 30, 2009 were \$1,329,297. The City does not retain a financial interest in the ARWA.

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

C. Other Related Organizations: (Continued)

Jointly Governed Organizations

Central Virginia Waste Management Authority

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

Appomattox Basin Industrial Development Corporation

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

District 19 Community Services Board

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

Related Organizations

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

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

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

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

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

Measurement Focus and Basis of Accounting:

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

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

1. Governmental Funds: (Continued)

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

2. Proprietary Funds

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

Enterprise Funds

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

The City reports the following major enterprise funds.

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

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

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

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

E. Budgets and Budgetary Accounting

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

F. Cash and Cash Equivalents

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

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

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

G. Investments:

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

H. Receivables and Payables:

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,294,127 at June 30, 2009 and is comprised of the following:

Property taxes - General Fund	\$	355,818
Refuse and consumer's utility taxes - General Fund		157,276
Public Utility Accounts		781,033
Total	\$	<u>1,294,127</u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

I. South Central Wastewater Authority Water Capacity Rights:

The City participates in the South Central Wastewater Authority joint venture. The SCWA was established when the City transferred its investment in its wastewater treatment assets, net of the related debt of approximately \$19 million, in exchange for 10.5 million gallons of capacity valued at \$1 million per 1 million gallons of capacity and a payment of \$9.5 million. The purchase proceeds were placed in escrow to create a rate stabilization fund for Petersburg to retire its share of the SCWA public improvement bond issue. This escrow is held by SCWA. The City maintained 10.5 million gallons of capacity or 52.5% of the plant's total capacity. The joint venture agreement does not state that the City is to share in the profits and losses of SCWA, and there is no explicit, measurable equity interest in SCWA. The City reports the escrowed proceeds as a restricted asset and the water capacity rights as an intangible capital asset. At June 30, 2009 the City has Restricted Assets totaling \$860,000 and \$3,708,423 as current and noncurrent in its public utility fund.

J. Capital Assets:

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

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

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

K. Compensated Absences

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

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

L. Retirement Plan

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

M. Property Taxes

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

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

N. Inventory and Land Held for Resale

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

O. Long-term Obligations

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

O. Long-term Obligations: (Continued)

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

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

P. Fund Equity:

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

As of June 30, 2009, there was a deficit fund balance in the Golf Course Fund (\$1,024,734). It is expected that future operating revenues will remediate the deficit in the Golf Course Fund.

Q. Use of Estimates:

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

R. Internal and Intra-entity Activity:

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

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 2—Deposits and Investments:

Deposits

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

Investments

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

Custodial Credit Risk (Investments)

The City’s investment policy provides that securities purchased for the City shall be held by the City Treasury or by the Treasurer’s custodian. If held by a custodian, the securities must be in the City’s name or in the custodian’s nominee name and identifiable on the custodian’s books as belonging to the City. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller) to the transaction. At June 30, 2009 all of the City’s investments were held in accordance with this policy.

Credit Risk of Debt Securities

The City’s investment policy is to follow the legal limits set forth in the Code of Virginia, 2.2-45, Investment of Public Funds Act, which describes the types of investments permitted. The City has not established credit risk limits for each category of investment; however, the City has an emphasis on high credit quality and known marketability. The City has contracted with investment advisors to ensure compliance. The City’s rated debt investments as of June 30, 2009 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

	<u>Fair Quality Ratings</u>			
	<u>AAAm</u>	<u>AAA</u>	<u>AA+</u>	<u>AA</u>
Primary Government:				
Local Government Investment Pool	\$ 597,065	\$ -	\$ -	\$ -
U.S. Savings Bonds	-	2,000	-	-
Corporate debt	-	253,700	1,272,696	204,062
U.S. Agency Securities	-	376,212	-	-
Total Primary Government investments	<u>\$ 597,065</u>	<u>\$ 631,912</u>	<u>\$ 1,272,696</u>	<u>\$ 204,062</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 2—Deposits and Investments: (Continued)

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	\$ 597,065	\$ 597,065	\$ -	\$ -	\$ -
U.S. Savings Bonds	2,000	-	-	-	2,000
Corporate debt	1,730,458	546,176	771,326	412,956	-
U.S. Agency Securities	376,212	-	178,336	197,876	-
Total Primary Government investments	\$ 2,705,735	\$ 1,143,241	\$ 949,662	\$ 610,832	\$ 2,000

External Investment Pools

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

Foreign Currency Risk

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

Concentration of Credit Risk

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 3—Due From Other Governmental Units:

At June 30, 2009 the City has receivables from other governments as follows:

	<u>Primary Government</u>	
	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Commonwealth of Virginia:		
Local sales taxes	\$ 603,804	\$ -
Miscellaneous grants	742,327	-
Shared expenses	379,738	-
Public assistance and welfare administration	324,207	-
Comprehensive services	446,279	-
Mass Transit	-	880,291
PPTRA	2,294,331	-
Federal Government:		
Public assistance and welfare administration	409,080	-
Community Development Block Grant	228,883	-
Miscellaneous grants	438,255	-
Mass Transit	-	1,147,687
	<u>5,866,904</u>	<u>2,027,978</u>
Total due from other governments	\$ <u>5,866,904</u>	\$ <u>2,027,978</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

Individual fund and interfund receivable and payable balances relate to working capital loans at June 30, 2009 are presented below:

Fund	Due from Other Funds/ Component Unit	Due to Other Funds/ Component Unit
Interfund Balances:		
General	\$ 7,777,243	\$ -
Capital projects	279,781	-
Enterprise:		
Public Utility	-	1,637,740
Mass Transit	-	4,783,923
Golf Course	-	1,242,177
Non-major funds:		
Federal & State Projects	-	303,113
Blandford Cemetery Perpetual Care - Due to General Fund	-	90,071
Total	<u>\$ 8,057,024</u>	<u>\$ 8,057,024</u>
Reporting Entity:		
Primary Government - General Fund	\$ 219,261	\$ -
Primary Government - Capital Projects Fund	-	3,070,486
School Board - General Fund	2,851,225	-
Total	<u>\$ 3,070,486</u>	<u>\$ 3,070,486</u>

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

Interfund Transfers

Interfund transfers for the year ended June 30, 2009, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
Major Funds:		
General	\$ 457,199	\$ 378,804
Capital Projects	391,053	321,437
Enterprise:		
Golf Course	20,072	-
Nonmajor Funds:		
Federal & State Projects	378,804	-
Community Development Act Fund	-	466,887
Blandford Cemetery Perpetual Care	-	80,000
Total	<u>\$ 1,247,128</u>	<u>\$ 1,247,128</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

Interfund Transfers

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

Note 5—Inventory:

At June 30, 2009 the City has inventory recorded in the various funds as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Expendable supplies	\$ 154,545	\$ 541,939
Land and building inventory held for resale:		
330 Commercial/residential lots owned in the City	4,713,674	-
8 Commercial buildings owned in Dinwiddie County	<u>32,181</u>	<u>-</u>
Totals	<u>\$ 4,900,400</u>	<u>\$ 541,939</u>

The following is a summary of changes in inventory held for resale for the fiscal year ended June 30, 2009:

	<u>Balance July 1, 2008</u>	<u>Purchases</u>	<u>Sales</u>	<u>Balance June 30, 2009</u>
Land and building inventory held for resale:				
334 Commercial/residential lots owned in the City	\$ 4,462,964	\$ 301,365	\$ 50,655	\$ 4,713,674
8 Commercial buildings owned in Dinwiddie County	<u>32,181</u>	<u>-</u>	<u>-</u>	<u>32,181</u>
Totals	<u>\$ 4,495,145</u>	<u>\$ 301,365</u>	<u>\$ 50,655</u>	<u>\$ 4,745,855</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 6—Capital Assets:

Primary Government:

The following is a summary of changes in governmental capital assets for the fiscal year ended June 30, 2009:

	Restated Balances July 1, 2008	Additions	Deletions	Balance June 30, 2009
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,884,657	\$ -	\$ 45,486	\$ 6,839,171
Construction in progress	14,268,291	6,596,956	19,688,141	1,177,106
Total capital assets not being depreciated	<u>\$ 21,152,948</u>	<u>\$ 6,596,956</u>	<u>\$ 19,733,627</u>	<u>\$ 8,016,277</u>
Capital assets being depreciated:				
Buildings	\$ 54,652,178	\$ 10,236,182	\$ 388,071	\$ 64,500,289
Infrastructure	93,415,354	9,780,116	-	103,195,470
Vehicles	9,975,988	188,491	806,751	9,357,728
Equipment (other than vehicles)	9,637,648	359,835	-	9,997,483
Total capital assets being depreciated	<u>\$ 167,681,168</u>	<u>\$ 20,564,624</u>	<u>\$ 1,194,822</u>	<u>\$ 187,050,970</u>
Less accumulated depreciation for:				
Buildings	\$ 32,252,051	\$ 1,493,863	\$ 175,075	\$ 33,570,839
Infrastructure	88,719,592	3,439,849	-	92,159,441
Vehicles	8,519,031	431,490	758,251	8,192,270
Equipment	3,009,010	990,055	-	3,999,065
Total accumulated depreciation	<u>\$ 132,499,684</u>	<u>\$ 6,355,257</u>	<u>\$ 933,326</u>	<u>\$ 137,921,615</u>
Total capital assets being depreciated, net	<u>\$ 35,181,484</u>	<u>\$ 14,209,367</u>	<u>\$ 261,496</u>	<u>\$ 49,129,355</u>
Governmental Activities capital assets, net	<u>\$ 56,334,432</u>	<u>\$ 20,806,323</u>	<u>\$ 19,995,123</u>	<u>\$ 57,145,632</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a summary of changes in Public Utility Fund capital assets for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type Activities:				
Public Utility Fund:				
Capital assets, not being depreciated:				
Land	\$ 173,898	\$ -	\$ -	\$ 173,898
Total capital assets not being depreciated	<u>\$ 173,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,898</u>
Capital assets being depreciated:				
Plant	\$ 24,738,286	\$ -	\$ -	\$ 24,738,286
Water capacity rights intangible asset	4,420,000	-	-	4,420,000
Vehicles	1,172,004	16,685	-	1,188,689
Equipment and machinery	1,167,241	7,000	-	1,174,241
Total capital assets being depreciated	<u>\$ 31,497,531</u>	<u>\$ 23,685</u>	<u>\$ -</u>	<u>\$ 31,521,216</u>
Less accumulated depreciation for:				
Plant	\$ 12,655,646	\$ 378,472	\$ -	\$ 13,034,118
Water capacity rights intangible asset	1,326,000	110,500	-	1,436,500
Vehicles	907,700	67,662	-	975,362
Equipment and machinery	914,451	52,948	-	967,399
Total accumulated depreciation	<u>\$ 15,803,797</u>	<u>\$ 609,582</u>	<u>\$ -</u>	<u>\$ 16,413,379</u>
Total capital assets being depreciated, net	<u>\$ 15,693,734</u>	<u>\$ (585,897)</u>	<u>\$ -</u>	<u>\$ 15,107,837</u>
Public Utility fund capital assets, net	<u><u>\$ 15,867,632</u></u>	<u><u>\$ (585,897)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,281,735</u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a summary of changes in Mass Transit Fund capital assets for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Business-type Activities:				
Mass Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,143,415	\$ -	\$ -	\$ 1,143,415
Construction in progress	9,764,064	10,793,408	-	20,557,472
Total capital assets not being depreciated	<u>\$ 10,907,479</u>	<u>\$ 10,793,408</u>	<u>\$ -</u>	<u>\$ 21,700,887</u>
Capital assets being depreciated:				
Plant	\$ 1,590,263	\$ 61,374	\$ -	\$ 1,651,637
Vehicles	5,768,577	-	-	5,768,577
Equipment and machinery	243,861	-	-	243,861
Total capital assets being depreciated	<u>\$ 7,602,701</u>	<u>\$ 61,374</u>	<u>\$ -</u>	<u>\$ 7,664,075</u>
Less accumulated depreciation for:				
Plant	\$ 921,815	\$ 81,183	\$ -	\$ 1,002,998
Vehicles	3,549,872	304,980	-	3,854,852
Equipment and machinery	239,141	1,574	-	240,715
Total accumulated depreciation	<u>\$ 4,710,828</u>	<u>\$ 387,737</u>	<u>\$ -</u>	<u>\$ 5,098,565</u>
Total capital assets being depreciated, net	<u>\$ 2,891,873</u>	<u>\$ (326,363)</u>	<u>\$ -</u>	<u>\$ 2,565,510</u>
Mass Transit fund capital assets, net	<u>\$ 13,799,352</u>	<u>\$ 10,467,045</u>	<u>\$ -</u>	<u>\$ 24,266,397</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a summary of changes in Golf Course Fund capital assets for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type Activities:				
Golf Course				
Capital assets, not being depreciated:				
Land	\$ 3,383,047	\$ -	\$ -	\$ 3,383,047
Total capital assets not being depreciated	<u>\$ 3,383,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,383,047</u>
Capital assets being depreciated:				
Land Improvements	\$ 911,569	\$ 20,072	\$ -	\$ 931,641
Total capital assets being depreciated	<u>\$ 911,569</u>	<u>\$ 20,072</u>	<u>\$ -</u>	<u>\$ 931,641</u>
Less accumulated depreciation for:				
Land Improvements	\$ 30,252	\$ 61,172	\$ -	\$ 91,424
Total accumulated depreciation	<u>\$ 30,252</u>	<u>\$ 61,172</u>	<u>\$ -</u>	<u>\$ 91,424</u>
Total capital assets being depreciated, net	<u>\$ 881,317</u>	<u>\$ (41,100)</u>	<u>\$ -</u>	<u>\$ 840,217</u>
Golf Course fund capital assets, net	<u>\$ 4,264,364</u>	<u>\$ (41,100)</u>	<u>\$ -</u>	<u>\$ 4,223,264</u>
 Total Business-type Activities capital assets, net	 <u>\$ 33,931,348</u>	 <u>\$ 9,840,048</u>	 <u>\$ -</u>	 <u>\$ 43,771,396</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:		
General government administration	\$	71,200
Judicial administration		164,051
Public safety		1,315,896
Public works		3,654,102
Health and welfare		157,954
Education		802,066
Parks, recreation and cultural		172,088
Community development		<u>17,900</u>
Total Governmental activities	\$	<u>6,355,257</u>
Business-type activities:		
Public Utility Fund	\$	609,582
Mass Transit Fund		387,737
Golf Course Fund		<u>61,172</u>
Total Business-type activities	\$	<u><u>1,058,491</u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a restatement of Governmental Capital Assets as of June 30, 2008:

	Balances July 1, 2008 As Previously Reported	Adjustments	Restated Balances July 1, 2008
	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:			
Capital assets, not being depreciated:			
Land	\$ 6,884,657	\$ -	\$ 6,884,657
Construction in progress	<u>14,068,896</u>	<u>199,395</u>	<u>14,268,291</u>
Total capital assets not being depreciated	<u>\$ 20,953,553</u>	<u>\$ 199,395</u>	<u>\$ 21,152,948</u>
Capital assets being depreciated:			
Buildings	\$ 54,652,178	\$ -	\$ 54,652,178
Infrastructure	93,415,354	-	93,415,354
Vehicles	9,090,065	885,923	9,975,988
Equipment (other than vehicles)	<u>9,637,648</u>	<u>-</u>	<u>9,637,648</u>
Total capital assets being depreciated	<u>\$ 166,795,245</u>	<u>\$ 885,923</u>	<u>\$ 167,681,168</u>
Less accumulated depreciation for:			
Buildings	\$ 32,252,051	\$ -	\$ 32,252,051
Infrastructure	88,719,592	-	88,719,592
Vehicles	8,154,356	364,675	8,519,031
Equipment	<u>3,009,010</u>	<u>-</u>	<u>3,009,010</u>
Total accumulated depreciation	<u>\$ 132,135,009</u>	<u>\$ 364,675</u>	<u>\$ 132,499,684</u>
Total capital assets being depreciated, net	<u>\$ 34,660,236</u>	<u>\$ 521,248</u>	<u>\$ 35,181,484</u>
Governmental Activities capital assets, net	<u>\$ 55,613,789</u>	<u>\$ 720,643</u>	<u>\$ 56,334,432</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations:

Primary Government

The following is a summary of governmental long-term obligation transactions of the City for the year ended June 30, 2009:

Description	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009	Amounts Due Within One Year
Long-term obligation transactions:					
General obligation bonds	\$ 12,694,013	\$ 7,360,000	\$ 1,449,946	\$ 18,604,067	\$ 1,496,651
School Literary Fund loan	5,575,000	-	425,000	5,150,000	425,000
School Qualified Zone Academy Bonds	5,403,228	-	390,143	5,013,085	402,211
Note payable	13,861,087	-	3,614,232	10,246,855	3,490,044
Capital lease obligations	1,277,585	782,997	369,343	1,691,239	437,517
Landfill closure and post- closure liability	6,206,677	-	-	6,206,677	-
OPEB	-	177,000	-	177,000	-
Compensated absences	2,265,632	426,545	311,307	2,380,870	238,080
 Total Governmental Activities long-term obligations	 \$ 47,283,222	 \$ 8,746,542	 \$ 6,559,971	 \$ 49,469,793	 \$ 6,489,503
Short-term obligation transactions:					
Anticipation notes	-	12,500,000	12,500,000	-	-
 Total Governmental Activities obligations	 \$ 47,283,222	 \$ 21,246,542	 \$ 19,059,971	 \$ 49,469,793	 \$ 6,489,503

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize governmental activities obligations outstanding as of June 30, 2009 are as follows:

Year Ending June 30,	General Obligation Bonds		Literary Loans		Notes Payable		Qualified Zone Academy Bonds	Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2010	\$ 1,496,651	\$ 756,498	\$ 425,000	\$ 103,000	\$ 3,490,044	\$ 311,161	\$ 402,211	\$ 437,517	\$ 66,636
2011	1,373,788	747,891	425,000	94,500	3,607,028	193,135	414,670	301,645	50,869
2012	2,060,522	666,953	425,000	86,000	580,830	122,448	427,535	273,176	38,033
2013	1,458,105	601,798	425,000	77,500	603,482	99,795	440,815	228,053	26,581
2014	1,589,462	545,140	425,000	69,000	627,018	76,259	454,527	201,299	16,782
2015	1,631,013	477,565	425,000	60,500	651,472	51,806	468,686	165,055	8,196
2016	1,413,794	407,547	425,000	52,000	686,981	26,398	618,057	84,494	2,366
2017	896,578	359,479	425,000	43,500	-	-	379,996	-	-
2018	225,493	320,201	425,000	35,000	-	-	336,402	-	-
2019	231,972	309,178	425,000	26,500	-	-	421,457	-	-
2020	246,690	297,637	425,000	18,000	-	-	177,259	-	-
2021	181,408	287,042	425,000	9,500	-	-	256,812	-	-
2022	191,127	277,772	50,000	1,000	-	-	77,632	-	-
2023	200,845	268,310	-	-	-	-	137,026	-	-
2024	210,563	258,384	-	-	-	-	-	-	-
2025	220,282	247,975	-	-	-	-	-	-	-
2026	230,000	237,058	-	-	-	-	-	-	-
2027	242,958	225,503	-	-	-	-	-	-	-
2028	255,915	213,230	-	-	-	-	-	-	-
2029	268,873	200,228	-	-	-	-	-	-	-
2030	281,831	186,936	-	-	-	-	-	-	-
2031	294,789	173,273	-	-	-	-	-	-	-
2032	307,746	158,848	-	-	-	-	-	-	-
2033	323,944	143,726	-	-	-	-	-	-	-
2034	340,141	127,828	-	-	-	-	-	-	-
2035	356,338	111,155	-	-	-	-	-	-	-
2036	375,775	93,324	-	-	-	-	-	-	-
2037	391,972	74,323	-	-	-	-	-	-	-
2038	414,648	54,362	-	-	-	-	-	-	-
2039	434,085	33,354	-	-	-	-	-	-	-
2040	456,760	11,304	-	-	-	-	-	-	-
Total	\$ 18,604,067	\$ 8,873,821	\$ 5,150,000	\$ 676,000	\$ 10,246,855	\$ 881,002	\$ 5,013,085	\$ 1,691,239	\$ 209,463

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

The following is a summary of governmental long-term obligations as of June 30, 2009:

Primary Government - Governmental Activities:

<u>Original Amount</u>	<u>Description</u>	<u>Outstanding Amount at June 30, 2009</u>
General Obligation Bonds:		
\$ 11,365,000	Series 1997 general obligation bonds due in annual installments of \$255,000 to \$1,285,000 through January 2017; interest at 4.3% to 5.25% (\$8,565,000 of original issue allocated to governmental; \$2,800,000 to business-type)	\$ 2,860,024
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%	4,370,000
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)	653,367
4,355,000	Series 2005A general obligation refunding bonds due in annual installments of \$330,000 to \$505,000 through January 15, 2017, interest at 3.35% (\$3,282,057 of original issue allocated to governmental; \$1,072,943 to business-type)	2,735,676
625,000	Series 2005 general obligation bond due July 1, 2011; interest at 6.25%	625,000
7,360,000	Series 2009A general obligation bonds due in various annual installments through 2040, interest at various rates (\$7,360,000 of original issue allocated to governmental; \$4,000,000 to business-type)	7,360,000
	Total general obligation bonds	\$ 18,604,067

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Primary Government - Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2009
State Literary Fund Loans:		
\$ 7,500,000	State Literary Fund Loan issued December 13, 1999, due in annual installments of \$375,000 through December 15, 2021, interest at 2%	\$ 4,500,000
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%	650,000
	Total State Literary Fund Loans	<u>\$ 5,150,000</u>
Qualified Zone Academy Bonds:		
1,400,000	(1) Series 2001 issued December 14, 2001, due in annual installments of \$70,000 through December 15, 2014, final payment of \$204,750 due December 15, 2015	\$ 850,032
600,000	(2) Series 2002 issued December 27, 2002, due in annual installments of \$34,124 through December 15, 2015	376,920
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	1,565,498
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	1,213,782
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	1,006,853
	Total Qualified Zone Academy Bonds	<u>\$ 5,013,085</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Primary Government - Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2009
Notes Payable:		
\$ 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%	\$ 4,246,855
6,000,000	Issued December 5, 2007 for school building renovation and improvements; due in two installments on December 5, 2009 and December 5, 2010; interest at 3.19%	<u>6,000,000</u>
	Notes Payable	\$ 10,246,855
Other Obligations:		
	Capital lease obligations	1,691,239
	Landfill closure and post-closure liability	6,206,677
	Other post employment benefits	177,000
	Compensated absences	<u>2,380,870</u>
	Total governmental activities	<u>\$ 49,469,793</u>

- (1) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 3.79% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$1,400,000.
- (2) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 3.40% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$600,000.
- (3) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 3.40% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$2,142,167.
- (4) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 2.0% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$1,536,671.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Primary Government - Governmental Activities: (Continued)

- (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.

The following is a summary of proprietary long-term obligation transactions of the City for the year ended June 30, 2009:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009	Amounts Due Within One Year
Public Utility Fund:					
General obligation bonds	\$ 3,600,988	\$ -	\$ 740,055	\$ 2,860,933	\$ 763,349
Capital lease obligations	405,116	-	91,884	313,232	91,524
Compensated absences	97,896	24,555	20,684	101,767	10,177
Total Public Utility fund	\$ 4,104,000	\$ 24,555	\$ 852,623	\$ 3,275,932	\$ 865,050
Mass Transit Fund:					
Capital lease obligations	\$ 244,970	\$ -	\$ 34,715	\$ 210,255	\$ 36,314
Compensated absences	60,565	12,456	14,567	58,454	5,845
Total Mass Transit fund	\$ 305,535	\$ 12,456	\$ 49,282	\$ 268,709	\$ 42,159
Golf Course Fund:					
Note payable	\$ 4,000,000	\$ -	\$ 4,000,000	\$ -	-
General obligation bonds	-	4,000,000	-	4,000,000	-
Compensated absences	3,669	6,956	1,453	9,172	917
Total Golf Course fund	\$ 4,003,669	\$ 4,006,956	\$ 4,001,453	\$ 4,009,172	\$ 917
Total Business-type Activities	\$ 8,413,204	\$ 4,043,967	\$ 4,903,358	\$ 7,553,813	\$ 908,126

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

The following is a summary of business-type activity long-term obligations transactions as of June 30, 2009:

Primary Government - Business-Type Activities:

<u>Original Amount</u>	<u>Description</u>	<u>Outstanding Amount at June 30, 2009</u>
	Public Utility Fund:	
	General Obligation Bonds:	
\$ 11,365,000	Series 1997 general obligation bonds due in annual installments of \$255,000 to \$1,285,000 through January 2017; interest at 4.3% to 5.25% (\$8,565,000 of original issue allocated to governmental; \$2,800,000 to business-type)	934,976
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)	1,031,631
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)	894,326
	Total general obligation bonds	\$ 2,860,933
	Capital Lease Obligations	\$ 313,232
	Compensated absences	101,767
	Total Public Utility Fund	\$ 3,275,932
	Mass Transit Fund:	
	Capital Lease Obligation	\$ 210,255
	Compensated absences	58,454
	Total Mass Transit Fund	\$ 268,709
	Golf Course Fund:	
\$ 4,000,000	Series 2009A general obligation bonds due in various annual installments through 2040, interest at various rates (\$7,360,000 of original issue allocated to governmental; \$4,000,000 to business-type)	\$ 4,000,000
	Total general obligation bonds	
	Compensated absences	9,172
	Total Golf Course Fund	\$ 4,009,172
	Total business-type activities	\$ 7,553,813

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize business-type activities obligations outstanding as of June 30, 2009 are as follows:

Year Ending June 30,	General Obligation Bonds				Capital Lease Obligations			
	Public Utility Fund		Golf Course Fund		Public Utility Fund		Mass Transit Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 763,349	\$ 117,029	\$ -	\$ 170,730	\$ 91,524	\$ 10,065	\$ 36,314	\$ 8,738
2011	351,353	88,617	59,859	194,507	75,686	6,792	37,986	7,066
2012	366,098	74,885	63,380	191,745	44,766	4,446	39,735	5,317
2013	336,754	60,557	65,141	188,645	35,668	3,061	41,564	3,487
2014	296,876	45,696	68,662	185,432	36,973	1,755	43,478	1,574
2015	301,804	32,263	72,183	181,942	28,615	431	11,178	84
2016	220,502	18,666	75,704	178,153	-	-	-	-
2017	224,197	9,406	79,225	174,182	-	-	-	-
2018	-	-	84,507	169,987	-	-	-	-
2019	-	-	88,028	165,566	-	-	-	-
2020	-	-	93,310	160,919	-	-	-	-
2021	-	-	98,592	156,001	-	-	-	-
2022	-	-	103,873	150,963	-	-	-	-
2023	-	-	109,155	145,821	-	-	-	-
2024	-	-	114,437	140,426	-	-	-	-
2025	-	-	119,718	134,769	-	-	-	-
2026	-	-	125,000	128,836	-	-	-	-
2027	-	-	132,042	122,556	-	-	-	-
2028	-	-	139,085	115,886	-	-	-	-
2029	-	-	146,127	108,819	-	-	-	-
2030	-	-	153,169	101,596	-	-	-	-
2031	-	-	160,211	94,170	-	-	-	-
2032	-	-	167,254	86,330	-	-	-	-
2033	-	-	176,056	78,112	-	-	-	-
2034	-	-	184,859	69,472	-	-	-	-
2035	-	-	193,662	60,410	-	-	-	-
2036	-	-	204,225	50,720	-	-	-	-
2037	-	-	213,028	40,393	-	-	-	-
2038	-	-	225,352	29,544	-	-	-	-
2039	-	-	235,915	18,127	-	-	-	-
2040	-	-	248,239	6,143	-	-	-	-
Total	\$ 2,860,933	\$ 447,120	\$ 4,000,000	\$ 3,800,903	\$ 313,232	\$ 26,550	\$ 210,255	\$ 26,266

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	Governmental Activities	Business-Type Activities	Total
Capital Leases:			
\$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%	\$ 126,745	\$ -	\$ 126,745
\$78,038 issued August 7, 2008 for the purchase of 3 police vehicles; payable in monthly installments of \$1,472 through August, 2014; interest at 4.98%	66,340	-	66,340
\$97,207 issued April 27, 2009 for the purchase of 3 police vehicles and one Chevrolet Suburban; payable in monthly installments of \$1,875 through April, 2014; interest at 5.90%	94,406	-	94,406
\$607,751 issued April 27, 2009 for the purchase of a HVAC replacement system; payable in monthly installments of \$8,653 through April, 2016; interest at 5.90%	595,707	-	595,707
\$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%	480,070	200,880	680,950
\$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%	58,353	11,373	69,726
\$137,592 issued March, 2006, for the purchase of 2005 Freightliner with equipment; payable in monthly installments of \$2,531; interest at 3.96%	-	51,279	51,279
\$300,000 issued December 17, 2006, for the purchase of litter collection vacuum, street sweeper, postage machine, electronic radio system, three pickups; payable in monthly installments of \$5,547; interest at 4.16%	108,079	49,701	157,780

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	Governmental Activities	Business-Type Activities	Total
Capital Leases: (Continued)			
\$63,500 issued September 26, 2007 for the purchase of a Maintenance Department IH stake body truck; payable in monthly installments of \$1,184 through September 2012; interest at 4.51%	\$ 42,881	\$ -	\$ 42,881
\$99,785 issued September 26, 2007 for the purchase of five Ford Explorers for Police Department; payable in monthly installments of \$1,858 through September 2012; interest at 4.45%	67,351	-	67,351
\$270,000 issued September 26, 2007 for the City's share of the purchase of nine Gillig buses for Mass Transit Department (balance paid with federal grant funds); payable in monthly installments of \$3,754 through September 2014; interest at 4.51%	-	210,255	210,255
\$69,711 issued January 25, 2008 for the purchase of 2007 Chevrolet bus for Public Works Department; payable in monthly installments of \$1,279 through January 2013; interest at 3.87%	51,307	-	51,307
Total capital lease obligations	<u>\$ 1,691,239</u>	<u>\$ 523,488</u>	<u>\$ 2,214,727</u>
Total equipment cost of assets acquired through capital lease	\$ 2,874,312	\$ 995,841	\$ 3,870,153
Total accumulated depreciation on assets acquired through capital lease	(1,244,491)	(397,020)	(1,641,511)
Net remaining book value	<u>\$ 1,629,821</u>	<u>\$ 598,821</u>	<u>\$ 2,228,642</u>

	Date Issued	Balance July 1, 2008	Issued	Redeemed	Balance June 30, 2009
General Obligation Bond	12/18/2008	\$ -	\$ 7,500,000	\$ 7,500,000	\$ -
Tax Revenue anticipation note	12/10/2008	-	5,000,000	5,000,000	-
		<u>\$ -</u>	<u>\$ 12,500,000</u>	<u>\$ 12,500,000</u>	<u>\$ -</u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

The City's General Fund is responsible for repaying governmental long-term obligation amounts. See note 6 for further discussion regarding the transfer of a note payable in the amount of \$4,000,000 of debt to the Golf fund.

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

Business-Type Activities

The general obligation bonds payable above, totaling \$3,600,988, are secured by the full faith and credit of the City. However, bonds payable are expected to be paid from water utility fund service revenues. Notes payable are expected to be paid from the operating revenues of the Golf Course.

Prior years' debt defeasance:

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2009, the amount of defeased debt outstanding amounted to \$11,420,000.

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, such amounts are measurable, but not available. Unearned revenue totaling \$3,046,797 is comprised of the following:

A. Unearned Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$3,035,263 at June 30, 2009.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 8—Unearned Revenue: (Continued)

B. Unearned Revenue Other

The City has received \$11,534 in grant funds which are unexpended at year end.

Unearned Revenue Item	Governmental Funds			Entity-Wide
	General Fund	Federal and State Projects Fund	Total Governmental Funds	Entity-Wide Activities
Litter control state grant funding	\$ -	\$ 6,944	\$ 6,944	\$ 6,944
RCAP grant funding	-	4,590	4,590	4,590
Local delinquent real and personal property taxes	3,035,263	-	3,035,263	-
	<u>\$ 3,035,263</u>	<u>\$ 11,534</u>	<u>\$ 3,046,797</u>	<u>\$ 11,534</u>

Note 9—Commitment and Contingencies:

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

Note 10—Risk Management:

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

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

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

Note 11—Litigation:

At June 30, 2009, 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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 12—Defined Benefit Pension Plan:

A. Plan Description

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

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

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/publications/2008AnnuRept.pdf> or obtained by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the City is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City’s employee’s contribution rates for the fiscal year ended 2009 were 9.22% of annual covered payroll, respectively.

C. Annual Pension Cost

For fiscal year 2009, the City’s annual pension cost of \$1,815,149 was equal to the City’s required and actual contributions.

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 1,815,149	100%	\$ -
June 30, 2008	1,894,650	100%	-
June 30, 2007	1,779,888	100%	-

(1) Employer portion only

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 12—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2008 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2008 was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the City's plan was 98.22% funded. The actuarial accrued liability for benefits was \$127,860,370, and the actuarial value of assets was \$125,580,258, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,280,112. The covered payroll (annual payroll of active employees covered by the plan) was \$23,770,223 and ratio of the UAAL to the covered payroll was 9.59%.

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

Note 13—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 \$6,206,677 reported as a landfill closure, postclosure care cost, and corrective action cost liability as of June 30, 2009 is based on the use of 90.32% of the estimated capacity used to date. The City will recognize the remaining estimated cost of closure and postclosure care of \$558,023 as the remaining estimated capacity is utilized in the existing open cell. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. Actual closure and postclosure care costs may be different due to inflation, changes in technology, or changes in regulations. The landfill's remaining life is estimated to be 3 years. The amount included for corrective action costs is \$1,000,000, as required by the Virginia Department of Environmental Quality, until a formal corrective action plan as submitted by the City is approved and carried out.

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 14—Construction Commitments:

A summary of construction contract commitments at June 30, 2009 follows:

<u>Project</u>	<u>Authorized Commitment</u>	<u>Expended/ Expensed as of June 30, 2009</u>	<u>Remaining Commitment</u>
Business-Type Activities:			
Mass Transit Center Construction	\$ 17,816,782	\$ 16,794,888	\$ 1,021,894
Total	<u>\$ 17,816,782</u>	<u>\$ 16,794,888</u>	<u>\$ 1,021,894</u>

Note 15—Net Asset Adjustment:

Net assets were adjusted in the Governmental Funds as follows:

Net assets, as previously reported	\$ <u>28,584,606</u>
Adjustment for:	
Construction in progress not recorded	\$ 199,395
Vehicles not recorded on depreciation schedule	885,923
Accumulated depreciation on vehicles	<u>(364,675)</u>
Total adjustments	\$ <u>720,643</u>
Net assets, as restated	<u>\$ 29,305,249</u>

Note 16—Expenditures and Appropriations:

Expenditures exceeded appropriations at June 30, 2009 as follows:

<u>Function</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Amount</u>
General government	\$ 4,306,927	\$ 4,360,569	53,642
Parks, recreation and cultural	2,042,770	2,246,167	203,397
Nondepartmental	764,320	959,214	194,894
Debt service	3,832,590	4,633,114	800,524

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 17—Other Post-Employment Benefits Program:

A. Plan Description

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

In accordance with GASB Statement No. 45, an actuarial study was performed calculating the postemployment healthcare costs as of July 1, 2009. The actuarial valuation estimated the Unfunded Actuarial Accrued Liability (“UAAL”) at \$2,919,000 and an Annual Required Contribution (“ARC”) of \$274,000. The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The City paid \$97,000 towards the estimated pay as you go cost for OPEB benefits in fiscal year 2009. The City elected to pre-fund OPEB liabilities. The City is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB Cost

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 17—Other Post-Employment Benefits Program:

C. Annual Required Contribution (ARC): (Continued)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009 is as follows:

Actuarial accrued liability (AAL)	\$	2,919,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability		2,919,000
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		18,933,000
UAAL as a percentage of covered payroll		15.42%

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

Actuarial Methods and Assumptions

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

Cost Method

In the June 30, 2009 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 10 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5.5 percent after ten years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was up to thirty years.

Interest Assumptions

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

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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Budgetary Comparison Schedule

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Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- General Fund
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 31,850,800	\$ 31,850,800	\$ 32,299,130	\$ 448,330
Other local taxes	13,017,900	13,017,900	13,484,673	466,773
Permits, privilege fees and regulatory licenses	584,150	584,150	660,299	76,149
Fines and forfeitures	756,000	756,000	468,464	(287,536)
Revenue from use of money and property	325,000	325,000	285,958	(39,042)
Charges for services	2,193,050	2,193,050	2,488,730	295,680
Miscellaneous	72,400	176,560	274,088	97,528
Recovered costs	337,900	337,900	351,234	13,334
Intergovernmental:				
Commonwealth	24,684,493	23,993,528	20,738,502	(3,255,026)
Federal	5,051,297	6,223,570	6,287,035	63,465
Total revenues	\$ 78,872,990	\$ 79,458,458	\$ 77,338,113	\$ (2,120,345)
Expenditures:				
Current:				
General government administration	\$ 4,286,905	\$ 4,306,927	\$ 4,360,569	\$ (53,642)
Judicial administration	2,318,740	2,318,740	2,184,145	134,595
Public safety	25,142,397	25,858,550	25,414,156	444,394
Public works	10,584,459	12,438,698	11,216,148	1,222,550
Health and welfare	17,358,160	17,469,160	15,499,383	1,969,777
Education	11,184,860	11,179,410	9,644,101	1,535,309
Parks, recreation, and cultural	2,178,830	2,042,770	2,246,167	(203,397)
Community development	2,536,219	2,626,329	1,918,043	708,286
Debt service:				
Principal retirement	1,924,950	2,269,400	3,283,971	(1,014,571)
Interest and other fiscal charges	1,563,190	1,563,190	1,349,143	214,047
Nondepartmental	764,320	764,320	959,214	(194,894)
Total expenditures	\$ 79,843,030	\$ 82,837,494	\$ 78,075,040	\$ 4,762,454
Excess (deficiency) of revenues over expenditures	\$ (970,040)	\$ (3,379,036)	\$ (736,927)	\$ 2,642,109
Other financing sources:				
Transfers in	\$ 226,811	\$ 226,811	\$ 587,199	\$ 360,388
Transfers (out)	-	-	(378,804)	(378,804)
Issuance of debt	-	-	782,997	782,997
Total other financing sources	\$ 226,811	\$ 226,811	\$ 991,392	\$ 764,581
Changes in fund balance	\$ (743,229)	\$ (3,152,225)	\$ 254,465	\$ 3,406,690
Fund balances at beginning of year	743,229	3,152,225	20,001,562	16,849,337
Fund balances at end of year	\$ -	\$ -	\$ 20,256,027	\$ 20,256,027

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

Virginia Retirement System

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded)		Funded Ratio (d) (a) / (b)	Annual Covered Payroll (e)	UAAL as % of Payroll (f) (c) / (e)
			Actuarial Accrued (UAAAL) (c)	(b) - (a)			
6/30/2008	\$ 125,580,258	\$ 127,860,370	\$ 2,280,112		98.22%	\$ 23,770,223	9.59%
6/30/2007	115,754,579	118,660,764	2,906,185		97.55%	22,689,844	12.81%
6/30/2006	102,249,331	103,898,978	1,649,647		98.41%	21,193,710	7.78%

Other Post Employment Benefits

6/30/2009	\$ -	\$ 2,919,000	\$ 2,919,000		0.00%	\$ 18,933,000	15.42%
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OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds
Combining Balance Sheet
At June 30, 2009

	Special Revenue Funds		Permanent Funds			Total
	Federal and State Projects Fund	Community Development Act Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	
ASSETS						
Cash and cash equivalents	\$ -	\$ 38,980	\$ 90,071	\$ -	\$ -	\$ 129,051
Restricted cash	-	-	1,877,732	18,966	2,000	1,898,698
Due from other governments	475,741	228,883	-	-	-	704,624
Total assets	\$ 475,741	\$ 267,863	\$ 1,967,803	\$ 18,966	\$ 2,000	\$ 2,732,373
LIABILITIES						
Accounts payable	\$ 32,675	\$ 131,012	\$ -	\$ -	\$ -	\$ 163,687
Due to other funds	303,113	-	90,071	-	-	393,184
Due to other governments	22,799	-	-	-	-	22,799
Unearned revenue	11,534	-	-	-	-	11,534
Total liabilities	\$ 370,121	\$ 131,012	\$ 90,071	\$ -	\$ -	\$ 591,204
FUND BALANCES						
Fund balance:						
Reserved for:						
Community development	\$ -	\$ 136,851	\$ -	\$ -	\$ -	\$ 136,851
Perpetual care	-	-	1,877,732	-	-	1,877,732
Memorial funds	-	-	-	18,966	-	18,966
Library	-	-	-	-	2,000	2,000
Unreserved, undesignated	105,620	-	-	-	-	105,620
Total fund balances	\$ 105,620	\$ 136,851	\$ 1,877,732	\$ 18,966	\$ 2,000	\$ 2,141,169
Total liabilities and fund balances	\$ 475,741	\$ 267,863	\$ 1,967,803	\$ 18,966	\$ 2,000	\$ 2,732,373

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2009

	Special Revenue Funds		Permanent Funds			Total
	Federal and State Projects Fund	Community Development Act Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	
Revenues:						
Revenue from the use of money and property	\$ -	\$ -	\$ 81,000	\$ 25	\$ -	\$ 81,025
Charges for services	-	-	5,575	-	-	5,575
Recovered costs	27,545	10	-	-	-	27,555
Intergovernmental:						
Commonwealth	409,129	-	-	-	-	409,129
Federal	692,087	748,388	-	-	-	1,440,475
Total revenues	\$ 1,128,761	\$ 748,398	\$ 86,575	\$ 25	\$ -	\$ 1,963,759
Expenditures:						
Public safety	\$ 1,143,382	\$ -	\$ -	\$ -	\$ -	\$ 1,143,382
Education	183,762	-	-	-	-	183,762
Planning and community development	-	266,695	-	-	-	266,695
Total expenditures	\$ 1,327,144	\$ 266,695	\$ -	\$ -	\$ -	\$ 1,593,839
Excess of revenues over expenditures	\$ (198,383)	\$ 481,703	\$ 86,575	\$ 25	\$ -	\$ 369,920
Other financing sources:						
Transfers in	\$ 378,804	\$ -	\$ -	\$ -	\$ -	\$ 378,804
Transfers (out)	-	(466,887)	(80,000)	-	-	(546,887)
Total other financing sources (uses)	\$ 378,804	\$ (466,887)	\$ (80,000)	\$ -	\$ -	\$ (168,083)
Changes in fund balances	\$ 180,421	\$ 14,816	\$ 6,575	\$ 25	\$ -	\$ 201,837
Fund balances at beginning of year	(74,801)	122,035	1,871,157	18,941	2,000	1,939,332
Fund balances at end of year	\$ 105,620	\$ 136,851	\$ 1,877,732	\$ 18,966	\$ 2,000	\$ 2,141,169

CITY OF PETERSBURG, VIRGINIA

Nonmajor Governmental Funds
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Special Revenue Funds
 Year Ended June 30, 2009

	Federal and State Projects Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Recovered costs	\$ -	\$ 58,099	\$ 27,545	\$ (30,554)
Intergovernmental:				
Commonwealth	-	385,599	409,129	23,530
Federal	-	1,004,452	692,087	(312,365)
Total revenues	\$ -	\$ 1,448,150	\$ 1,128,761	\$ (319,389)
Expenditures:				
Current:				
Public safety	\$ -	\$ 1,251,252	\$ 1,143,382	\$ 107,870
Education	-	340,000	183,762	156,238
Planning and community development	-	-	-	-
Total expenditures	\$ -	\$ 1,591,252	\$ 1,327,144	\$ 264,108
Excess (deficiency) of revenues over expenditures	\$ -	\$ (143,102)	\$ (198,383)	\$ (55,281)
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 378,804	\$ 378,804
Transfers (out)	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ 378,804	\$ 378,804
Changes in fund balances	\$ -	\$ (143,102)	\$ 180,421	\$ 323,523
Fund balance at beginning of the year	-	143,102	(74,801)	(217,903)
Fund balance at end of the year	\$ -	\$ -	\$ 105,620	\$ 105,620

Exhibit 15

Community Development Act Fund			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ 10	\$ 10
-	-	-	-
-	186,000	748,388	562,388
\$ -	\$ 186,000	\$ 748,398	\$ 562,398
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	277,804	266,695	11,109
\$ -	\$ 277,804	\$ 266,695	\$ 11,109
\$ -	\$ (91,804)	\$ 481,703	\$ 573,507
\$ -	\$ -	\$ -	\$ -
-	-	(466,887)	(466,887)
\$ -	\$ -	\$ (466,887)	\$ (466,887)
\$ -	\$ (91,804)	\$ 14,816	\$ 106,620
-	91,804	122,035	30,231
\$ -	\$ -	\$ 136,851	\$ 136,851

Combining Statement of Fiduciary Net Assets - Agency Funds
At June 30, 2009

	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Drug Seizure Fund</u>	<u>Industrial Development Authority</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 56,759	\$ 360,475	\$ 85,358	\$ 92,431	\$ 595,023
Total assets	<u>\$ 56,759</u>	<u>\$ 360,475</u>	<u>\$ 85,358</u>	<u>\$ 92,431</u>	<u>\$ 595,023</u>
LIABILITIES					
Amounts held for social service clients	\$ 56,759	-	-	-	\$ 56,759
Amounts held for others	-	176,753	85,358	92,431	354,542
Inmate telephone account	-	183,722	-	-	183,722
Total liabilities	<u>\$ 56,759</u>	<u>\$ 360,475</u>	<u>\$ 85,358</u>	<u>\$ 92,431</u>	<u>\$ 595,023</u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2009

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash	\$ 53,945	\$ 84,157	\$ 81,343	\$ 56,759
Total assets	<u>\$ 53,945</u>	<u>\$ 84,157</u>	<u>\$ 81,343</u>	<u>\$ 56,759</u>
Liabilities:				
Amounts held for others	\$ 53,945	\$ 84,157	\$ 81,343	\$ 56,759
Total liabilities	<u>\$ 53,945</u>	<u>\$ 84,157</u>	<u>\$ 81,343</u>	<u>\$ 56,759</u>
Jail Inmate Fund:				
Assets:				
Cash	\$ 256,295	\$ 381,208	\$ 277,028	\$ 360,475
Total assets	<u>\$ 256,295</u>	<u>\$ 381,208</u>	<u>\$ 277,028</u>	<u>\$ 360,475</u>
Liabilities:				
Amounts held for others	\$ 130,127	\$ 323,654	\$ 277,028	\$ 176,753
Inmate telephone account	126,168	57,554	-	183,722
Total liabilities	<u>\$ 256,295</u>	<u>\$ 381,208</u>	<u>\$ 277,028</u>	<u>\$ 360,475</u>
Industrial Development Authority:				
Assets:				
Cash	\$ 872,718	\$ 453	\$ 780,740	\$ 92,431
Total assets	<u>\$ 872,718</u>	<u>\$ 453</u>	<u>\$ 780,740</u>	<u>\$ 92,431</u>
Liabilities:				
Amounts held for others	\$ 872,718	\$ 453	\$ 780,740	\$ 92,431
Total liabilities	<u>\$ 872,718</u>	<u>\$ 453</u>	<u>\$ 780,740</u>	<u>\$ 92,431</u>
Drug Seizure Fund:				
Assets:				
Cash	\$ 43,004	\$ 56,157	\$ 13,803	\$ 85,358
Total assets	<u>\$ 43,004</u>	<u>\$ 56,157</u>	<u>\$ 13,803</u>	<u>\$ 85,358</u>
Liabilities:				
Amounts held for others	\$ 43,004	\$ 56,157	\$ 13,803	\$ 85,358
Total liabilities	<u>\$ 43,004</u>	<u>\$ 56,157</u>	<u>\$ 13,803</u>	<u>\$ 85,358</u>
Total -- All Agency Funds				
Assets:				
Cash	\$ 1,225,962	\$ 521,975	\$ 1,152,914	\$ 595,023
Total assets	<u>\$ 1,225,962</u>	<u>\$ 521,975</u>	<u>\$ 1,152,914</u>	<u>\$ 595,023</u>
Liabilities:				
Amounts held for others	\$ 1,099,794	\$ 464,421	\$ 1,152,914	\$ 411,301
Inmate telephone account	126,168	57,554	-	183,722
Total liabilities	<u>\$ 1,225,962</u>	<u>\$ 521,975</u>	<u>\$ 1,152,914</u>	<u>\$ 595,023</u>

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Supporting Schedules

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Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2009

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 23,449,500	\$ 23,449,500	\$ 23,745,806	\$ 296,306
Real and personal public service corporation property taxes	1,100,000	1,100,000	1,108,447	8,447
Personal property taxes	3,352,900	3,352,900	3,495,396	142,496
Mobile home taxes	15,700	15,700	15,277	(423)
Machinery and tools taxes	3,292,700	3,292,700	3,263,055	(29,645)
Penalties	400,000	400,000	440,748	40,748
Interest	240,000	240,000	230,401	(9,599)
Total general property taxes	\$ 31,850,800	\$ 31,850,800	\$ 32,299,130	\$ 448,330
Other local taxes:				
Local sales and use taxes	\$ 3,990,000	\$ 3,990,000	\$ 3,796,848	\$ (193,152)
Communications tax	1,500,000	1,500,000	1,917,241	417,241
Consumer utility taxes	1,700,000	1,700,000	1,778,414	78,414
Business license taxes	2,950,000	2,950,000	3,144,714	194,714
Bank stock taxes	130,000	130,000	117,093	(12,907)
Motor vehicle licenses	590,000	590,000	533,365	(56,635)
Taxes on recordation and wills	310,400	310,400	205,560	(104,840)
Cigarette taxes	135,000	135,000	228,844	93,844
Admission and amusement taxes	17,500	17,500	10,099	(7,401)
Lodging taxes	420,000	420,000	435,520	15,520
Meals taxes	1,275,000	1,275,000	1,316,975	41,975
Total other local taxes	\$ 13,017,900	\$ 13,017,900	\$ 13,484,673	\$ 466,773
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 4,000	\$ 4,000	\$ 8,215	\$ 4,215
Other permits and licenses	580,150	580,150	652,084	71,934
Total permits, privilege fees and regulatory licenses	\$ 584,150	\$ 584,150	\$ 660,299	\$ 76,149
Fines and Forfeitures:				
Court fines and forfeitures	\$ 740,000	\$ 740,000	\$ 409,135	\$ (330,865)
Other fines and forfeitures	16,000	16,000	59,329	43,329
Total fines and forfeitures	\$ 756,000	\$ 756,000	\$ 468,464	\$ (287,536)

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 25,000	\$ 25,000	\$ 45,689	\$ 20,689
Revenue from use of property	300,000	300,000	240,269	(59,731)
Total revenue from use of money and property	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ 285,958</u>	<u>\$ (39,042)</u>
Charges for services:				
EMS transportation fees	\$ 84,000	\$ 84,000	\$ 60,222	\$ (23,778)
Court costs	155,000	155,000	151,742	(3,258)
Commonwealth attorney fees	2,500	2,500	1,924	(576)
Sheriff fees	28,100	28,100	19,437	(8,663)
Fire protection services	2,000	2,000	1,459	(541)
Other protection	1,600	1,600	934	(666)
Sanitation and waste removal	1,750,000	1,750,000	2,068,003	318,003
Sports complex fees	85,000	85,000	94,703	9,703
Recreation fees	28,000	28,000	19,007	(8,993)
Tourism charges	46,500	46,500	37,561	(8,939)
Other services rendered	750	750	1,347	597
Library fees	9,600	9,600	25,164	15,564
Sale of inventory	-	-	7,227	7,227
Total charges for services	<u>\$ 2,193,050</u>	<u>\$ 2,193,050</u>	<u>\$ 2,488,730</u>	<u>\$ 295,680</u>
Miscellaneous revenue:				
Payment in lieu of tax	\$ 54,000	\$ 54,000	\$ 41,964	\$ (12,036)
Other miscellaneous revenue	18,400	122,560	232,124	109,564
Total miscellaneous revenue	<u>\$ 72,400</u>	<u>\$ 176,560</u>	<u>\$ 274,088</u>	<u>\$ 97,528</u>
Recovered costs:				
Recoveries and rebates	\$ 337,900	\$ 337,900	\$ 351,234	\$ 13,334
Total recovered costs	<u>\$ 337,900</u>	<u>\$ 337,900</u>	<u>\$ 351,234</u>	<u>\$ 13,334</u>
Total revenue from local sources	<u>\$ 49,137,200</u>	<u>\$ 49,241,360</u>	<u>\$ 50,312,576</u>	<u>\$ 1,071,216</u>

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ -	\$ -	\$ 2,434	\$ 2,434
Tax on deeds	50,800	50,800	74,248	23,448
Rolling stock tax	59,850	59,850	69,017	9,167
Auto rental tax	95,590	95,590	106,863	11,273
Reduction in State Aid to Local Government	-	-	(478,787)	(478,787)
PPTRA	2,750,000	2,750,000	2,726,043	(23,957)
Total noncategorical aid	<u>\$ 2,956,240</u>	<u>\$ 2,956,240</u>	<u>\$ 2,499,818</u>	<u>\$ (456,422)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 736,700	\$ 736,700	\$ 725,033	\$ (11,667)
Sheriff	3,463,700	2,463,700	2,367,646	(96,054)
Commissioner of the Revenue	158,000	158,000	153,339	(4,661)
Treasurer	153,000	153,000	136,469	(16,531)
Medical examiner	200	200	-	(200)
Registrar/electoral board	54,000	71,000	54,673	(16,327)
Clerk of the Circuit Court	330,680	330,680	306,438	(24,242)
Total shared expenses	<u>\$ 4,896,280</u>	<u>\$ 3,913,280</u>	<u>\$ 3,743,598</u>	<u>\$ (169,682)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 6,015,453	\$ 6,126,453	\$ 3,984,045	\$ (2,142,408)
Comprehensive services act grant	2,400,000	2,400,000	2,420,074	20,074
Law enforcement	2,305,000	2,305,000	2,313,912	8,912
Street and highway maintenance	4,500,000	4,500,000	4,595,478	95,478
Library	182,340	182,340	175,950	(6,390)
Fire program funds	50,000	50,000	91,817	41,817
Adult confinement	770,930	770,930	545,126	(225,804)
Four-for-life grant	65,000	65,000	25,103	(39,897)
E911 wireless program	375,000	375,000	260,251	(114,749)
Other state funds	168,250	349,285	83,330	(265,955)
Total other categorical aid	<u>\$ 16,831,973</u>	<u>\$ 17,124,008</u>	<u>\$ 14,495,086</u>	<u>\$ (2,628,922)</u>
Total categorical aid	<u>\$ 21,728,253</u>	<u>\$ 21,037,288</u>	<u>\$ 18,238,684</u>	<u>\$ (2,798,604)</u>
Total revenue from the Commonwealth	<u>\$ 24,684,493</u>	<u>\$ 23,993,528</u>	<u>\$ 20,738,502</u>	<u>\$ (3,255,026)</u>

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 5,051,297	\$ 5,051,297	\$ 5,051,297	\$ -
Sherriff grant - S.T.E.P.S.	-	105,000	105,000	-
Fiscal stabilization funds	-	1,000,000	1,065,651	65,651
Other federal grants	-	67,273	65,087	(2,186)
Total revenue from the federal government	\$ 5,051,297	\$ 6,223,570	\$ 6,287,035	\$ 63,465
Total General Fund	\$ 78,872,990	\$ 79,458,458	\$ 77,338,113	\$ (2,120,345)
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 4,441	\$ 4,441
Miscellaneous revenue:				
Sale of real estate	\$ -	\$ -	\$ 138,500	\$ 138,500
Donations	-	-	6,241,726	6,241,726
Total miscellaneous revenue	\$ -	\$ -	\$ 6,380,226	\$ 6,380,226
Total revenue from local sources	\$ -	\$ -	\$ 6,384,667	\$ 6,384,667
Revenue from the Commonwealth:				
Categorical aid:				
CDBG - Appomattox river dredging project	\$ -	\$ -	\$ 500,000	\$ 500,000
Department of Transportation	-	1,334,000	1,311,316	(22,684)
Total revenue from the Commonwealth	\$ -	\$ 1,334,000	\$ 1,811,316	\$ 477,316
Revenue from the federal government:				
Categorical aid:				
Other federal funds	-	380,000	-	(380,000)
Total Capital Projects Fund	\$ -	\$ 1,714,000	\$ 8,195,983	\$ 6,481,983

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Special Revenue Funds:				
Federal and State Projects Fund:				
Revenue from local sources:				
Recovered costs:				
Rebates and refunds	\$ -	\$ 58,099	\$ 27,545	\$ (30,554)
Total recovered costs	\$ -	\$ 58,099	\$ 27,545	\$ (30,554)
Total revenue from local sources	\$ -	\$ 58,099	\$ 27,545	\$ (30,554)
Revenue from the Commonwealth:				
Other categorical aid:				
Criminal justice corrections grants	\$ -	\$ 233,755	\$ 229,031	\$ (4,724)
Victim witness grants	-	-	31,664	31,664
VJCCCA grant	-	114,456	114,456	-
Other state revenue	-	37,388	33,978	(3,410)
Total revenue from the Commonwealth	\$ -	\$ 385,599	\$ 409,129	\$ 23,530
Revenue from the federal government:				
Categorical aid:				
COPS universal hiring grant	\$ -	\$ 75,000	\$ 44,067	\$ (30,933)
Summer lunch program	-	340,000	183,762	(156,238)
POWER program	-	102,233	35,750	(66,483)
Criminal justice services - victim witness	-	114,456	126,655	12,199
Weed and seed	-	150,000	108,542	(41,458)
Gangs in Virginia grant	-	-	17,540	17,540
Records management grant	-	222,134	162,290	(59,844)
Operation diamond - Commonwealth's Attorney	-	-	10,764	10,764
Other federal grants	-	629	2,717	2,088
Total revenue from the Federal Government	\$ -	\$ 1,004,452	\$ 692,087	\$ (312,365)
Total Federal and State Projects Fund	\$ -	\$ 1,448,150	\$ 1,128,761	\$ (319,389)
Community Development Act Fund:				
Revenue from local sources:				
Recovered costs:				
Rebates and refunds	\$ -	-	\$ 10	\$ 10
Total recovered costs	\$ -	-	\$ 10	\$ 10
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ -	\$ 186,000	\$ 748,388	\$ 562,388
Total revenue from the Federal Government	\$ -	\$ 186,000	\$ 748,388	\$ 562,388
Total Community Development Act Fund	\$ -	\$ 186,000	\$ 748,398	\$ 562,398

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Blandford Cemetery Perpetual Care Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 81,000	\$ 81,000
Total revenue from use of money and property	\$ -	\$ -	\$ 81,000	\$ 81,000
Charges for services:				
Sale of lots	\$ -	\$ -	\$ 5,575	\$ 5,575
Total charges for services	-	-	5,575	5,575
Total Blandford Cemetery Perpetual Care Fund	\$ -	\$ -	\$ 86,575	\$ 86,575
Clara J. McKenney Memorial Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 25	\$ 25
Total revenue from use of money and property	\$ -	\$ -	\$ 25	\$ 25
Total Clara J. McKenney Memorial Fund	\$ -	\$ -	\$ 25	\$ 25
Total Non-major Funds	\$ -	\$ 1,634,150	\$ 1,963,759	\$ 329,609
Grand Total Revenues	\$ 78,872,990	\$ 82,806,608	\$ 87,497,855	\$ 4,691,247

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2009

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
City Council	\$ 181,400	\$ 181,400	\$ 180,798	\$ 602
General and financial administration:				
City Manager	397,670	397,670	243,110	154,560
Legal services	382,250	385,272	559,199	(173,927)
Personnel	253,570	253,570	197,780	55,790
Commissioner of the Revenue	321,190	321,190	323,571	(2,381)
Assessor	281,200	281,200	260,179	21,021
Treasurer	330,830	330,830	308,198	22,632
Finance Director	266,250	266,250	375,820	(109,570)
Accounting	254,070	254,070	189,912	64,158
Purchasing and general services	211,915	211,915	208,845	3,070
Data processing	172,170	172,170	155,053	17,117
Motor vehicle repair	873,140	873,140	906,796	(33,656)
Insurance - financial	128,850	128,850	119,738	9,112
Virginia Municipal League	11,230	11,230	11,225	5
National League of Cities	3,000	3,000	-	3,000
Virginia Institute of Government	1,500	1,500	1,500	-
Total general and financial administration	\$ 3,888,835	\$ 3,891,857	\$ 3,860,926	\$ 30,931
Board of Elections:				
Electoral board and officials	\$ 76,200	\$ 76,200	\$ 149,834	\$ (73,634)
Registrar	140,470	157,470	169,011	(11,541)
Total board of elections	\$ 216,670	\$ 233,670	\$ 318,845	\$ (85,175)
Total general government administration	\$ 4,286,905	\$ 4,306,927	\$ 4,360,569	\$ (53,642)
Judicial administration:				
Courts:				
Circuit court	\$ 140,950	\$ 140,950	\$ 104,673	\$ 36,277
General district court	166,600	166,600	49,301	117,299
Magistrates	4,260	4,260	2,469	1,791
Juvenile justice	62,840	62,840	60,346	2,494
District J & D relations court	34,650	34,650	22,284	12,366
Clerk of the Circuit Court	566,700	566,700	647,202	(80,502)
Juvenile court services	199,360	199,360	180,132	19,228
Total courts	\$ 1,175,360	\$ 1,175,360	\$ 1,066,407	\$ 108,953

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2009 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Judicial administration: (Continued)				
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,143,380	\$ 1,143,380	\$ 1,117,738	\$ 25,642
Total judicial administration	\$ 2,318,740	\$ 2,318,740	\$ 2,184,145	\$ 134,595
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 9,700,140	\$ 10,135,295	\$ 9,861,593	\$ 273,702
Criminal justice academy	76,970	76,970	76,968	2
Total law enforcement and traffic control	\$ 9,777,110	\$ 10,212,265	\$ 9,938,561	\$ 273,704
Fire and rescue services:				
Fire department	\$ 6,423,247	\$ 6,480,736	\$ 6,300,288	\$ 180,448
Contribution to Southside VA Emergency Crew	300,000	300,000	300,000	-
Total fire and rescue services	\$ 6,723,247	\$ 6,780,736	\$ 6,600,288	\$ 180,448
Correction and detention:				
City jail	\$ 7,801,790	\$ 8,102,128	\$ 8,032,851	\$ 69,277
Juvenile detention home	641,040	564,211	662,765	(98,554)
Total correction and detention	\$ 8,442,830	\$ 8,666,339	\$ 8,695,616	\$ (29,277)
Other protection:				
Animal control	\$ 199,210	\$ 199,210	\$ 179,691	\$ 19,519
Total other protection	\$ 199,210	\$ 199,210	\$ 179,691	\$ 19,519
Total public safety	\$ 25,142,397	\$ 25,858,550	\$ 25,414,156	\$ 444,394
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 720,344	\$ 724,094	\$ 687,151	36,943
Engineering	718,540	752,648	498,419	254,229
Street maintenance	3,505,565	4,588,443	3,186,324	1,402,119
Total highways, streets, bridges and sidewalks	\$ 4,944,449	\$ 6,065,185	\$ 4,371,894	1,693,291

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2009 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (continued)				
Public works: (Continued)				
Sanitation and waste removal:				
Refuse collection	\$ 1,325,000	\$ 1,325,000	\$ 1,798,281	\$ (473,281)
Total sanitation and waste removal	\$ 1,325,000	\$ 1,325,000	\$ 1,798,281	\$ (473,281)
Maintenance of general buildings and grounds:				
Building maintenance	\$ 3,573,010	\$ 4,306,513	\$ 4,358,907	\$ (52,394)
Property and liability insurance	399,620	399,620	398,750	870
Cemeteries maintenance	342,380	342,380	288,316	54,064
Total maintenance of general buildings and grounds	\$ 4,315,010	\$ 5,048,513	\$ 5,045,973	\$ 2,540
Total public works	\$ 10,584,459	\$ 12,438,698	\$ 11,216,148	\$ 1,222,550
Health and welfare:				
Health:				
Health department	\$ 766,690	\$ 766,690	\$ 766,966	\$ (276)
Central Virginia health planning	3,690	3,690	3,690	-
Total health	\$ 770,380	\$ 770,380	\$ 770,656	\$ (276)
Mental health and mental retardation:				
Community Services Board - District 19	\$ 181,960	\$ 181,960	\$ 181,955	\$ 5
Welfare:				
Social services	\$ 11,930,030	\$ 11,991,030	\$ 10,691,243	\$ 1,299,787
Comprehensive services	4,371,420	4,421,420	3,751,159	670,261
Legal aid	99,370	99,370	99,370	-
Crater District Area Agency on Aging	5,000	5,000	5,000	-
Total welfare	\$ 16,405,820	\$ 16,516,820	\$ 14,546,772	\$ 1,970,048
Total health and welfare	\$ 17,358,160	\$ 17,469,160	\$ 15,499,383	\$ 1,969,777
Education:				
Contributions to community colleges	\$ 4,860	\$ 4,860	\$ 4,860	-
Contributions to Component Unit - School Board	11,180,000	11,174,550	9,639,241	1,535,309
Total education	\$ 11,184,860	\$ 11,179,410	\$ 9,644,101	\$ 1,535,309
Parks, recreation and cultural:				
Parks and recreation:				
Parks and leisure services	\$ 1,202,740	\$ 1,045,740	\$ 1,266,850	\$ (221,110)

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2009 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (continued)				
Parks, recreation and cultural: (Continued)				
Cultural:				
Library	\$ 971,090	\$ 992,030	\$ 974,317	17,713
Petersburg Symphony	5,000	5,000	5,000	-
Total cultural	<u>\$ 976,090</u>	<u>\$ 997,030</u>	<u>\$ 979,317</u>	<u>17,713</u>
Total parks, recreation and cultural	<u>\$ 2,178,830</u>	<u>\$ 2,042,770</u>	<u>\$ 2,246,167</u>	<u>\$ (203,397)</u>
Community development:				
Planning and community development:				
Planning	\$ 544,070	\$ 570,070	\$ 399,867	\$ 170,203
Economic development	727,180	727,180	227,670	499,510
Tourist promotion program	911,709	975,819	962,972	12,847
Crater planning district	20,480	20,480	20,475	5
Contribution to Petersburg Area Tourism	100,000	100,000	100,000	-
Contributions to other community organizations	187,340	187,340	166,619	20,721
Total planning and community development	<u>\$ 2,490,779</u>	<u>\$ 2,580,889</u>	<u>\$ 1,877,603</u>	<u>\$ 703,286</u>
Environmental management:				
Appomattox river soil & water	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Cooperative extension program:				
VPI nutritional services	\$ 40,440	\$ 40,440	\$ 40,440	\$ -
Total community development	<u>\$ 2,536,219</u>	<u>\$ 2,626,329</u>	<u>\$ 1,918,043</u>	<u>\$ 708,286</u>
Nondepartmental:				
Workers' compensation insurance	\$ 695,485	\$ 695,485	\$ 877,082	\$ (181,597)
Contingencies	68,835	68,835	82,132	(13,297)
Total nondepartmental	<u>\$ 764,320</u>	<u>\$ 764,320</u>	<u>\$ 959,214</u>	<u>\$ (194,894)</u>
Debt service:				
Principal retirement	\$ 1,924,950	\$ 2,269,400	\$ 3,283,971	\$ (1,014,571)
Interest and fiscal charges	1,563,190	1,563,190	1,349,143	214,047
Total debt service	<u>\$ 3,488,140</u>	<u>\$ 3,832,590</u>	<u>\$ 4,633,114</u>	<u>\$ (800,524)</u>
Total General Fund	<u>\$ 79,843,030</u>	<u>\$ 82,837,494</u>	<u>\$ 78,075,040</u>	<u>\$ 4,762,454</u>

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2009 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Fund:				
Capital outlays / projects:				
Public safety:				
Fire apparatus motor vehicles	\$ -	\$ 58,550	\$ 8,600	\$ 49,950
Total public safety	\$ -	\$ 58,550	\$ 8,600	\$ 49,950
Public works:				
Engineering fees - bridges	\$ -	\$ 233,585	\$ 190,925	\$ 42,660
Engineering and design - Hospital road	-	1,991,168	1,533,729	457,439
Landfill improvements	-	-	836,541	(836,541)
Bollingbrook street bridge	-	800,000	67	799,933
Demolition of blight	-	-	310,539	(310,539)
Ross court redevelopment	-	200,000	2,400	197,600
Streets, curbs and gutters	-	378,973	66,327	312,646
Total public works	\$ -	\$ 3,603,726	\$ 2,940,528	\$ 663,198
Education:				
Peabody building renovation Hill & Stuart School	\$ -	\$ 39,391	\$ -	\$ 39,391
Peabody building renovation	-	-	3,674,811	(3,674,811)
Peabody building renovation	\$ -	\$ 39,391	\$ 3,674,811	\$ (3,635,420)
Parks, recreation and cultural:				
Library engineering fees	\$ -	\$ -	\$ 150,000	\$ (150,000)
Golf course	-	5,050	-	5,050
Battersea	-	100,000	100,000	-
Jarratt house	-	3,600	-	3,600
Park improvements - various	-	323,262	163,251	160,011
Total parks, recreation and cultural	\$ -	\$ 431,912	\$ 413,251	\$ 18,661
Community development:				
Appomattox river dredging	\$ -	\$ 500,000	\$ 7,345	\$ 492,655
Total community development	\$ -	\$ 500,000	\$ 7,345	\$ 492,655
Debt service:				
Principal retirement	\$ -	\$ -	\$ 2,964,693	\$ (2,964,693)
Interest and fiscal charges	-	-	148,229	(148,229)
Total debt service	\$ -	\$ -	\$ 3,112,922	\$ (3,112,922)
Total Capital Projects Fund	\$ -	\$ 4,633,579	\$ 10,157,457	\$ (5,523,878)

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2009 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Special Revenue Funds:				
Federal and State Projects Fund:				
Public Safety:				
Law Enforcement and Traffic Control:				
SAVY program	\$ -	\$ 24,326	\$ 5,000	\$ 19,326
Weed and seed grant #3	-	-	2,269	(2,269)
Weed and seed grant #4	-	108,415	103,413	5,002
Weed and seed grant #5	-	150,000	79,879	70,121
Victim witness	-	-	158,318	(158,318)
Comprehensive community correction	-	280,055	43,305	236,750
Va. Juvenile community crime control	-	191,285	176,655	14,630
RCAPP - office on youth	-	58,196	25,410	32,786
PCC client services grant	-	-	210,570	(210,570)
POWER youth program employment	-	102,233	35,750	66,483
Litter control	-	9,233	1,261	7,972
COPS in school grant	-	-	60,667	(60,667)
COPS universay hiring	-	75,000	44,067	30,933
Recruiting and retention criminal justice grant	-	-	(1,500)	1,500
Operation diamond - gang combat	-	30,375	10,864	19,511
Police technology program grant	-	222,134	162,290	59,844
GOSAP - operation diamond project	-	-	25,164	(25,164)
Total public safety	\$ -	\$ 1,251,252	\$ 1,143,382	\$ 107,870
Education:				
Summer lunch program	-	340,000	183,762	156,238
Total Federal and State Projects Fund	\$ -	\$ 1,591,252	\$ 1,327,144	\$ 264,108
Community Development Act Fund:				
Planning and Community Development:				
Petersburg housing authority	\$ -	\$ 150,000	\$ 137,138	\$ 12,862
Petersburg healthy families lifeline	-	8,000	6,000	2,000
PCOC downpayment assistance	-	2,000	2,000	-
Foster grandparents	-	2,000	2,000	-
Demolition / removal blight	-	53,557	53,557	-
Red cross	-	-	10,000	(10,000)
Harding street urban revitalization	-	6,247	-	6,247
YMCA - child care and after school program	-	10,000	10,000	-
Other C.A.R.E.S.	-	20,000	20,000	-
Petersburg police athletic league	-	5,000	5,000	-
Interfaith adult daycare	-	2,000	2,000	-
Salvation Army men's shelter	-	17,000	17,000	-
First Baptist tutorial program	-	2,000	2,000	-
Total planning and community development	\$ -	\$ 277,804	\$ 266,695	\$ 11,109
Total Community Development Act Fund	\$ -	\$ 277,804	\$ 266,695	\$ 11,109
Total Special Revenue Funds	\$ -	\$ 1,869,056	\$ 1,593,839	\$ 275,217
Grand Total Expenditures -- Reporting Entity	\$ 79,843,030	\$ 89,340,129	\$ 89,826,336	\$ (486,207)

CITY OF PETERSBURG, VIRGINIA

Statistical Tables

<u>Section / Table #</u>	<u>Description of Section / Tables</u>
Financial Trends	These tables contain trend information to help the reader understand how the the City's financial performance and well-being have changed over time.
1	Net 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)
Revenue Capacity	These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.
7	Assessed Value of Taxable Property
8	Property Tax Rates
9	Principal Taxpayers
10	Property Tax Levies and Collections
Debt Capacity	These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.
11	Ratios of Outstanding Debt by Type
12	Ratio of Net General Bonded Debt to
13	Computation of Direct and Overlapping Bonded Debt
14	Revenue Coverage
Demographic and Economic Information	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
Operating Information	These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relate to the services the City provides and the activities it performs.
16	Major Private Employers
17	Full-time Equivalent County Government Employees by Function
18	Operating Indicators by Function
19	Capital Asset Statistics by Function

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

CITY OF PETERSBURG, VIRGINIA

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

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

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

Table 1

	2007	2008	2009
\$	11,349,587	\$ 16,802,876	\$ 16,440,386
	1,934,491	2,086,098	1,898,698
	12,306,724	9,695,632	16,616,660
\$	<u>25,590,802</u>	<u>\$ 28,584,606</u>	<u>\$ 34,955,744</u>
\$	17,746,920	\$ 25,697,774	\$ 36,423,288
	5,536,340	5,151,624	4,568,423
	(2,998,388)	(3,826,030)	(5,529,579)
\$	<u>20,284,872</u>	<u>\$ 27,023,368</u>	<u>\$ 35,462,132</u>
\$	29,096,507	\$ 42,500,650	\$ 52,863,674
	7,470,831	7,237,722	6,467,121
	9,308,336	5,869,602	11,087,081
\$	<u>45,875,674</u>	<u>\$ 55,607,974</u>	<u>\$ 70,417,876</u>

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

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

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

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

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

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

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

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

CITY OF PETERSBURG, VIRGINIA

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

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

Table 4

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

CITY OF PETERSBURG, VIRGINIA

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

	2000	2001	2002	2003	2004
Revenues:					
General property taxes	\$ 19,709,888	\$ 18,519,749	\$ 21,560,995	\$ 21,552,330	\$ 22,900,222
Other local taxes	10,175,195	10,698,579	10,788,452	11,209,603	11,811,112
Permits, privilege fees and regulatory licenses	90,959	290,840	133,205	288,756	304,760
Fines and forfeitures	355,422	289,616	417,044	421,120	494,797
Revenue from use of money and property	1,329,810	343,065	276,075	471,061	277,929
Charges for services	1,453,900	1,541,097	2,717,333	2,202,166	2,254,532
Miscellaneous	-	363,930	773,915	405,749	807,191
Recovered costs	1,770,724	1,166,183	317,883	357,829	763,081
Intergovernmental:					
Commonwealth	17,895,253	19,582,047	18,948,117	17,956,446	18,712,177
Federal	4,587,424	5,378,070	6,124,189	6,765,243	8,242,756
Total revenues	\$ 57,368,575	\$ 58,173,176	\$ 62,057,208	\$ 61,630,303	\$ 66,568,557
Expenditures:					
General government administration	\$ 3,354,195	\$ 3,714,748	\$ 3,443,498	\$ 3,263,767	\$ 3,358,575
Judicial administration	1,435,749	1,483,851	1,478,392	1,370,657	1,624,507
Public safety	16,118,535	18,998,262	20,596,012	20,130,250	20,205,509
Public works	5,922,426	6,932,711	6,226,282	7,066,086	8,561,819
Health and welfare	12,671,495	9,481,072	10,518,785	12,046,699	12,054,331
Education	9,368,448	9,305,009	9,254,713	10,769,473	11,568,711
Parks, recreation, and cultural	1,671,379	1,649,769	2,160,986	2,233,596	2,312,585
Community development	1,551,003	1,810,444	1,117,109	1,186,386	1,032,010
Capital outlays and projects	2,428,096	1,518,300	1,279,653	747,974	1,271,968
Debt service:					
Principal retirement	678,566	952,845	2,513,015	1,594,387	1,396,946
Interest and other fiscal charges	1,825,089	1,601,307	1,411,466	994,756	1,245,890
Nondepartmental	703,823	776,834	615,951	694,611	4,298,117
Total expenditures	\$ 57,728,804	\$ 58,225,152	\$ 60,615,862	\$ 62,098,642	\$ 68,930,968
Excess (deficiency) of revenues over expenditures	\$ (360,229)	\$ (51,976)	\$ 1,441,346	\$ (468,336)	\$ (2,362,411)
Other financing sources (uses):					
Transfers in	\$ 703,734	\$ 25,000	\$ 1,448,986	\$ 402,362	\$ 692,653
Transfers (out)	(451,435)	-	(1,171,686)	(344,970)	(692,653)
Proceeds from capital leases	544,762	-	-	-	-
Sale of land	-	905,382	511,233	-	-
Issuance of debt	-	-	1,999,277	432,000	1,624,057
Premium on debt issued	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	7,485,000
Payment to refunded bond escrow agent	-	-	-	-	(5,777,200)
Retirement of bond anticipation	-	-	-	-	(1,500,000)
Total other financing sources (uses)	\$ 797,061	\$ 930,382	\$ 2,787,810	\$ 489,392	\$ 1,831,857
Net changes in fund balances	\$ 436,832	\$ 878,406	\$ 4,229,156	\$ 21,056	\$ (530,554)
Debt service as a percentage of noncapital expenditures	4.53%	4.50%	6.61%	4.22%	3.91%

Table 5

	2005	2006	2007	2008	2009
\$	23,622,768	\$ 24,706,331	\$ 26,546,575	\$ 28,104,541	\$ 32,299,130
	12,352,762	12,910,812	13,700,105	13,797,559	13,484,673
	117,670	169,597	547,715	656,809	660,299
	475,327	596,864	756,124	1,071,755	468,464
	380,724	506,158	477,504	507,218	371,424
	2,437,257	2,441,216	2,802,449	2,787,954	2,494,305
	900,568	910,762	2,308,411	2,474,098	6,654,314
	748,552	213,361	124,005	466,502	378,789
	18,955,253	21,961,358	21,677,880	24,218,725	22,958,947
	7,294,590	8,367,269	7,593,655	7,099,686	7,727,510
\$	<u>67,285,471</u>	<u>\$ 72,783,728</u>	<u>\$ 76,534,423</u>	<u>\$ 81,184,847</u>	<u>\$ 87,497,855</u>
\$	3,465,275	\$ 3,556,652	\$ 3,678,061	\$ 4,116,450	\$ 4,360,569
	1,802,404	1,722,388	1,895,420	2,139,494	2,184,145
	21,488,875	28,969,711	25,312,175	26,459,229	26,566,138
	8,890,604	8,877,879	11,173,225	17,240,364	14,156,676
	13,073,903	13,847,937	14,296,165	16,225,483	15,499,383
	10,847,658	9,400,152	8,838,660	14,302,941	13,502,674
	3,004,597	3,833,719	5,549,782	4,153,537	2,659,418
	2,037,795	3,309,515	2,861,651	2,840,006	2,192,083
	-	-	-	-	-
	1,443,848	1,720,556	2,590,060	2,960,058	6,248,664
	1,246,777	1,356,881	1,448,255	1,449,801	1,497,372
	677,323	1,315,624	707,417	803,240	959,214
\$	<u>67,979,059</u>	<u>\$ 77,911,014</u>	<u>\$ 78,350,871</u>	<u>\$ 92,690,603</u>	<u>\$ 89,826,336</u>
\$	(693,588)	\$ (5,127,286)	\$ (1,816,448)	\$ (11,505,756)	\$ (2,328,481)
\$	658,961	\$ 1,381,953	\$ 1,082,083	\$ 1,014,136	\$ 1,357,056
	(856,019)	(2,692,300)	(1,726,614)	(1,014,136)	(1,247,128)
	-	508,329	205,500	232,996	782,997
	-	-	-	-	-
	5,750,088	6,775,277	5,116,857	9,100,000	7,360,000
	-	-	-	-	284,941
	-	-	-	-	-
	(3,040,895)	-	-	-	-
	-	-	-	-	-
\$	<u>2,512,135</u>	<u>\$ 5,973,259</u>	<u>\$ 4,677,826</u>	<u>\$ 9,332,996</u>	<u>\$ 8,537,866</u>
\$	<u>1,818,547</u>	<u>\$ 845,973</u>	<u>\$ 2,861,378</u>	<u>\$ (2,172,760)</u>	<u>\$ 6,209,385</u>
	<u>4.06%</u>	<u>3.99%</u>	<u>5.64%</u>	<u>4.79%</u>	<u>8.62%</u>

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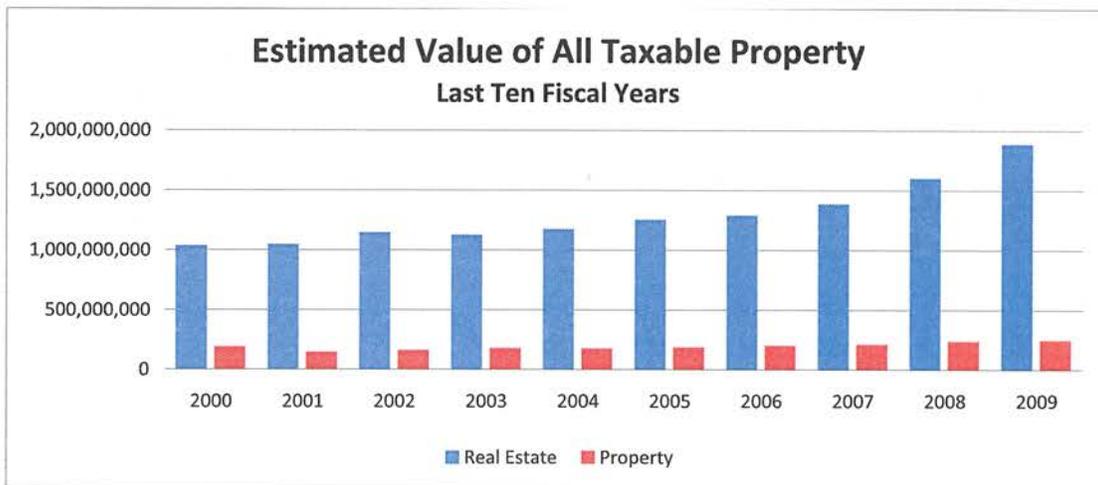
Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Communi-cations Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
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
2008	28,104,541	3,995,564	2,110,131	1,578,832	2,747,595	595,329	470,393	1,459,964	839,751	41,902,100
2009	32,299,130	3,796,848	1,917,241	1,778,414	3,144,714	533,365	435,520	1,316,975	561,596	45,783,803

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

Fiscal Years Ending June 30,	Real Estate	Personal Property	Total
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
2008	1,606,004,199	239,757,045	1,845,761,244
2009	1,894,736,243	251,183,757	2,145,920,000

Source: Commissioner of the Revenue



Property Tax Rates
Last Ten Fiscal Years

Fiscal Years Ending June 30,	Real Estate	Business and Individuals	Machinery and Tools	Mobile Homes
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	1.38	4.30	3.80	1.38
2007	1.35	4.40	3.80	1.35
2008	1.35	4.40	3.80	1.35
2009	1.35	4.40	3.80	1.35

Source - Commissioner of the Revenue

CITY OF PETERSBURG, VIRGINIA

Principal Business Taxpayers
Current Year and Nine Years Ago

Taxpayer	2009				Percentage of Total Assessed Valuation
	Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	
Petersburg Hospital Co LLC	\$ 104,967,000	\$ 13,350,034	\$ 118,317,034	1	5.51%
B. I. Chemicals	29,751,900	80,911,188	110,663,088	2	5.16%
Virginia Power	45,235,519	74,070	45,309,589	3	2.11%
Brenco Properties	18,405,000	11,653,388	30,058,388	4	1.40%
Verizon Virginia Inc.	16,070,040	3,632	16,073,672	6	0.75%
Georgetown Square Associates	14,953,400	18,052	14,971,452	5	0.70%
Wal-Mart	10,026,500	2,449,734	12,476,234	7	0.58%
Columbia Gas of Virginia, Inc.	10,550,339	3,105	10,553,444	8	0.49%
MPT of Petersburg LLC	9,494,900	555,958	10,050,858	9	0.47%
Inland Paperboard & Packing Company	5,534,300	4,002,848	9,537,148	10	0.44%
Titmus Optical Company	-	-	-		-
Lee-Hall LLC	-	-	-		-
Bell Atlantic Virginia	-	-	-		-
Total	\$ 264,988,898	\$ 113,022,009	\$ 378,010,907		17.62%

Source: Commissioner of the Revenue

Table 9

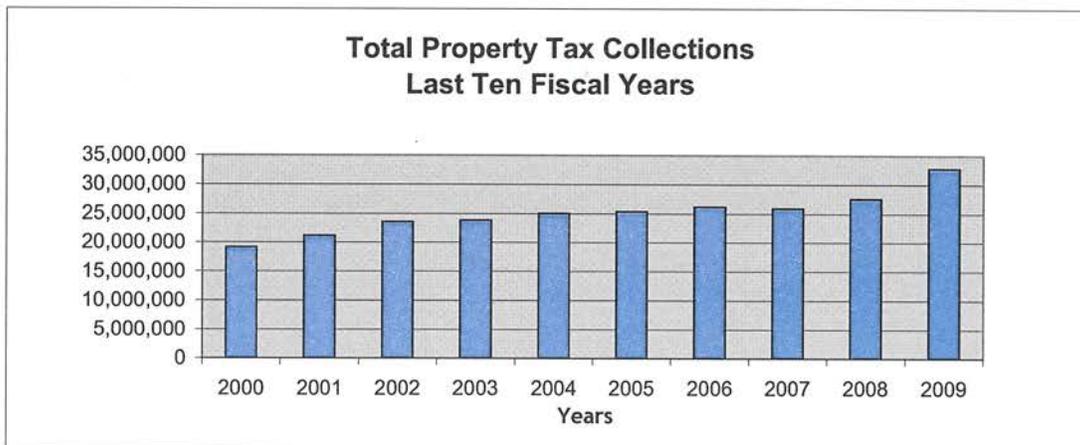
2000				
Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	Percentage of Total Assessed Valuation
\$ -	\$ -	\$ -		
10,304,500	13,436,413	23,740,913	4	1.93%
37,911,049	558,673	38,469,722	1	3.13%
11,199,700	14,262,735	25,462,435	3	2.07%
-	-	-		
10,385,400	11,344	10,396,744	6	0.85%
8,462,000	988,597	9,450,597	7	0.77%
11,220,098	584,404	11,804,502	5	0.96%
-	-	-		
4,416,800	2,456,578	6,873,378	10	0.56%
5,601,754	2,672,754	8,274,508	8	0.67%
8,234,100	7,840	8,241,940	9	0.67%
31,630,863	14,921	31,645,784	2	2.58%
<u>\$ 139,366,264</u>	<u>\$ 34,994,259</u>	<u>\$ 174,360,523</u>		<u>14.20%</u>

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
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%
2008	28,468,895	26,388,079	92.69%	1,139,260	27,527,339	96.69%	4,277,626	15.03%
2009	33,415,398	31,253,720	93.53%	1,480,605	32,734,325	97.96%	4,744,270	14.20%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.



Ratios of Outstanding Obligations by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities					Net Obligations per Capita
	General Obligation Bonds	State Literary Loans	Capital Leases	Notes Payable	School Qualified Zone Academy Bonds	General Obligation Bonds	Notes Payable	Capital Leases	Total Primary Government	Population (1)	
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	1,402,397	5,732,712	4,979,022	4,823,338	-	541,694	38,940,813	33,740	1,154
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
2008	12,694,013	5,575,000	1,277,585	13,861,087	5,403,228	3,600,988	4,000,000	650,086	47,061,987	33,740	1,395
2009	18,604,067	5,150,000	1,691,239	10,246,855	5,013,085	6,860,934	-	423,488	47,989,668	33,740	1,422

(1) United States Census

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
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
2008	33,740	1,845,761,244	21,698,229	3,600,988	18,097,241	0.98%	536
2009	33,740	2,145,920,000	30,478,086	6,860,934	23,617,152	1.10%	700

(1) United States Census

(2) From Table 7

Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin
Fiscal Year Ended June 30, 2009

	<u>Net Bonded Debt</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
City of Petersburg (1)	\$ 23,617,152	100%	\$ 23,617,152
Total assessed value of real estate			\$ <u>1,894,736,243</u>
10% legal debt limit			\$ <u>189,473,624</u>
Total outstanding debt (2)			\$ <u>45,874,941</u>

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

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

(1) Includes general obligation bonded debt

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

The City of Petersburg has no overlapping debt.

Revenue Coverage
Last Ten Fiscal Years

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

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)
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%	33,740
2007	17,485	4,726	6.00%	33,740
2008	18,403	4,592	7.70%	33,740
2009	19,147	4,375	14.60%	33,740

Census Statistics

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

(1) Weldon Cooper Center for Public Service.

n/a - not available

Major Private Employers
Current Year and Nine Years Ago

Company	Description of Business	Approximate Employment		Percentage of Total City Employment
		Current	Nine Years Ago	
Southside Regional Medical Center	Hospital medical services	1450-1500	1480-1490	9.41%
Star Tex	Call Center	350-400	Opened 1-2006	2.39%
Wal-Mart	Retail sales	350-400	Opened -1999	2.39%
B. I. Chemicals	Pharmaceuticals	200-250	100-150	1.44%
H.C.A. Poplar Springs Hospital	Medical services	200-250	170-175	1.44%
Virginia Linen	Linen processing / servicing	200-250	145-150	1.44%
B. P. Short	Paving contractors	100-120	130-135	0.70%
Ukrops	Grocery store	100-150	130-135	0.80%
Brenco, Inc.	Tapered roller bearings	n/a	550-575	
Titmus Optical Company	Eyeglass lenses and frames	n/a	495-505	
ALROD, Inc.	Contract services	n/a	360-370	
Information Technical Solutions, Inc.	Computer services	n/a	200-230	
Synoptic Systems	Software system analysis	n/a	190-195	

Source: Individual City departments

Total City employment per 2000 census per Virginia Employment Commission:

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

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

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
City:										
Salaried	766.5	698	697	696	696	696	681	686	695	704
Part-time temporary	175	155	271	254	239	239	226	234	252	299
Public safety										
Police protection	152	152	156	163	143	147	147	147	130	145
Fire protection	94	94	93.5	92	86	95	94	94	96	95
Jail facilities	93	86	86	86	86	86	87	88	91	89
School Board										
Administrative personnel	67	67	67	40	41	42	42	54	38	38
Teachers	592	592	592	441	434.5	436	432	429	465	447
All other personnel	308	308	308	367	383.5	378.5	415	403	291	287
Totals *	<u>1,909</u>	<u>1,820</u>	<u>1,935</u>	<u>1,798</u>	<u>1,794</u>	<u>1,792</u>	<u>1,796</u>	<u>1,806</u>	<u>1,741</u>	<u>1,775</u>

Source: Individual City departments and School Board

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

CITY OF PETERSBURG, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
	2000	2001	2002	2003	2004
Police protection:					
Law violations	12,949	4,139	10,170	10,976	9,767
Traffic violations	8,076	4,124	9,147	10,327	8,854
Arrests reported:					
Adults	6,526	1,285	3,465	4,063	4,712
Juveniles	827	141	221	220	379
Calls for service	68,187	64,092	58,010	69,327	64,357
Jail facility inmates:					
Jail	192	180	188	198	203
Jail annex	65	81	70	75	70
Riverside Regional	n/a	n/a	139	89	89
Community Development:					
Building permits:					
Number issued	1,281	843	928	879	1,371
Valuation	\$ 24,712,516	\$ 18,399,358	\$ 13,038,358	\$ 10,197,966	\$ 16,826,102
Public Utilities:					
Number of active consumers	12,000	10,400	10,400	11,482	11,374
Water purchased (annually)-gallons	1.92 billion	1.7 billion	1.7 billion	1.7 billion	1.7 billion

n/a = not available at publication

Source: Individual City departments

Table 18

	2005	2006	2007	2008	2009
	22,223	20,398	19,190	9,666	n/a
	6,729	8,207	11,961	8,866	n/a
	4,551	4,227	4,428	3,433	n/a
	377	370	315	232	n/a
	59,289	61,265	55,193	53,023	n/a
	193	182	210	213	202
	62	61	28	21	48
	89	89	148	61	128
	904	1,245	1,336	1,444	1,249
\$	26,849,246	\$ 44,724,170	116,953,757	88,818,121	42,719,115
	11,395	11,399	10,365	11,028	10,467
	1.7 billion	1.7 billion	1.7 billion	1.64 billion	1.654 billion

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Fire protection:										
Number of stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets and sidewalks:										
Streets - primary - miles	107	107	107	107	107	107	107	107	107	107
Streets - secondary - miles	281	281	281	281	281	281	281	281	281	281
Sidewalks - miles	72	72	72	72	72	72	72	72	72	72
Street lights	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	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
Sewers:										
Storm - miles	19	19	19	19	19	19	19	19	19	19
Sanitary - miles	191	191	191	191	191	191	191	191	191	191
Public Utilities:										
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
Culture and recreation										
Parks and recreation:										
Fishing and picnic area (350 acres)	1	1	1	1	1	1	1	1	1	1
Downtown (12.3 acres)	1	1	1	1	1	1	1	1	1	1
Playground (52.8 acres)	12	12	12	12	12	12	12	12	12	12
Golf course	-	-	-	-	-	-	-	1	1	1
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
Education:										
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	7	7	7	7	7	7	7	7	7	7

Source: Individual City departments

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Petersburg, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the City of Petersburg, Virginia's basic financial statements and have issued our report thereon dated December 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Petersburg, Virginia in a separate letter dated December 2, 2009.

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 2, 2009

