PRIVATE PLACEMENT MEMORANDUM DATED DECEMBER 2, 2016

THE NOTES DESCRIBED HEREIN ARE BEING OFFERED ONLY TO "ACCREDITED INVESTORS" AS SUCH TERM IS DEFINED IN SECTION 2(15) OF THE SECURITIES ACT OF 1933, AS AMENDED.

NEW ISSUE--BOOK-ENTRY ONLY **RATING: NOT APPLIED FOR**

*In the opinion of Bond Counsel, under existing law and subject to conditions described under the caption **"TAX TREATMENT"** herein, interest on the Notes (i) will not be included in gross income for federal income tax purposes, (ii) will not be a specific item of tax preference for purposes of the federal alternative minimum income tax imposed on individuals and corporations, and (iii) will be exempt from income taxation by the Commonwealth of Virginia. The Notes are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. Such interest may be included in the calculation of a corporation's alternative minimum income tax, and a holder may be subject to other federal or state tax consequences as described under the caption **"TAX TREATMENT"** herein.*

CITY OF PETERSBURG, VIRGINIA

General Obligation Revenue Anticipation Notes
Series 2016

$6,500,000 4.50% Notes Due October 1, 2017 Priced at 100 to Yield 4.50%
CUSIP# 716298 QJ6

The City of Petersburg, Virginia, **(the "City")** General Obligation Revenue Anticipation Notes), Series 2016 **(the "Notes")** are being issued to fund cash flow needs of the City for general governmental operations in anticipation of the receipt of tax revenues by the City. The Notes will be general obligations of the City for the payment of which its full faith and credit will be irrevocably pledged, along with a pledge of tax revenues for the current fiscal year as provided under Section 15.2-2629 of the Code of Virginia of 1950, as amended. The Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York **("DTC")**. DTC will act as securities depository for the Notes. So long as Cede & Co. is the registered owner of the Notes, as nominee for DTC, principal and interest shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Notes. Individual purchases of the Note will be made in book-entry form only in denominations of $250,000 and increments of $5,000 in excess thereof. Beneficial owners of the Notes will not receive physical delivery of certificates (See Appendix R hereto).

THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT PURPORT TO PROVIDE A COMPLETE DESCRIPTION OF ALL OF THE RISKS AND OTHER FACTORS TO BE CONSIDERED BY AN INVESTOR IN MAKING DECISIONS TO PURCHASE THE NOTES. THE NOTES ARE BEING OFFERED IN AUTHORIZED DENOMINATIONS OF $250,000, AND $5,000 INCREMENTS IN EXCESS THEREOF ONLY TO ACCREDITED INVESTORS THAT HAVE SUCH KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS AND THAT ARE CAPABLE OF EVALUATING THE MERITS AND RISKS OF THE PROSPECTIVE INVESTMENT AND ARE NOT PURCHASING FOR MORE THAN ONE ACCOUNT OR WITH A VIEW TO DISTRIBUTING THE NOTES. THE INITIAL PURCHASERS OF THE NOTES AND ANY SUBSEQUENT PURCHASERS WILL BE REQUIRED TO EXECUTE AN INVESTMENT LETTER, IN THE APPLICABLE FORM AS SET FORTH IN APPENDIX Q HERETO, TO EVIDENCE THE QUALIFICATION OF EACH INVESTOR TO PURCHASE AND THE UNDERSTANDING AND ACCEPTANCE OF THE RISKS INVOLVED IN THE PURCHASE OF THE NOTES.

The Notes mature on October 1, 2017. Interest on the Notes is payable on June 1, 2017 and at maturity. Interest on the Notes will be calculated on the basis of a 30-day month and a 360-day year. Sinking fund payments to be applied against principal and interest due at maturity will be deposited by the City with UMB Bank, N.A., as trustee, **(the "Trustee")** pursuant to an Agreement of Trust **(the "Trust Agreement")** dated as of December 1, 2016, between the City and the Trustee, and as reflected in the schedule attached hereto as Appendix A **(the "Sinking Fund Payment Schedule")**. Under the Trust Agreement, the City assigns and pledges as security for the Notes any funds or accounts held under the Trust Agreement, including, but not limited to, amounts deposited with the Trustee in accordance with the Sinking Fund Payment Schedule.

Each prospective purchaser of the Notes was furnished a copy of the Private Placement Memorandum and any supplements to the Private Placement Memorandum. The Notes have risk characteristics which require careful evaluation before a decision to purchase is made. The purchaser of the Notes must be able to bear the economic risk of the investment for the term of the Notes. The City is not expected to apply for a rating of the Notes or for bond insurance on the Notes.

The purchaser of the Notes will represent and agree that: (a) such purchaser understands that the Notes are being issued only in a limited offering; (b) such purchaser (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of investing in the Notes, (ii) has had access to such information as such purchaser deems necessary in order to make an informed investment decision, and (iii) is purchasing the Notes for its own account and not with a view to distribution. The purchaser of the Notes will be required to execute an investment letter, in the applicable form set forth in Appendix Q hereto, to evidence the qualification of such party to purchase and the understanding and acceptance of the risks involved in the purchase of the Notes.

No dealer, broker, salesman, placement agent, municipal financial advisor or other person has given or been authorized to give any information or to make any representations other than those contained in the Private Placement Memorandum, and, if given or made, such other information or

representation should not be relied upon as having been authorized by the City. The Private Placement Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Notes by any person in any State in which it is unlawful for such person to make such offer, solicitation or sale.

The City will provide its financial statements and annual financial report to the bondholders on an annual basis. The City is making no further undertaking for the benefit of bondholders to provide continuing disclosure pursuant to Rule 15c2-12 of the Securities Exchange Commission **(the "Continuing Disclosure Rule")** because the Notes are being offered in authorized denominations of $250,000, and $5,000 increments in excess thereof, and being sold to no more than 35 knowledgeable and experienced investors for their own accounts and not with a view to further distribution, and, therefore, are exempt from the provisions of the Continuing Disclosure Rule. Consequently, the placement of the Notes by Crews and Associates, Inc. **(the "Placement Agent")** and sale of the Notes is exempt from the provision of the Continuing Disclosure Rule requiring covenants for the production of annual financial and operating information. Accordingly, the City has no obligation to provide any such information to the holders of the Notes or any nationally recognized municipal securities information repository.

Appendix A contains the Sinking Fund Payment Schedule for the Notes. The City's audited financials for the fiscal year ending June 30, 2015 along with selected financial and demographic information on the City are set forth in Appendix B. Additional information regarding the City is contained in Appendices C through O, as set forth below.

The Notes are offered when, as and if issued by the City and received by the Placement Agent, subject to the approval of validity by Sands Anderson, PC, Richmond, Virginia, Bond Counsel to the City, and to certain other matters referred to herein. Certain legal matters will be passed upon for the City by Woodley & Flynn, PLCC, Richmond, Virginia, Special City Attorney and for the Placement Agent by Williams Mullen, Richmond, Virginia. It is expected that the Notes will be available for delivery through the facilities of The Depository Trust Company, New York, New York, on or about December 8, 2016.

The date of this Private Placement Memorandum is December 2, 2016

Crews and Associates, Inc.

Notice to Investors. The Notes are being offered hereby only to "Accredited Investors" within the meaning of Section 2(15) of the Securities Act of 1933, as amended, which term includes both institutions and individuals meeting certain criteria of financial sophistication, net worth, knowledge and experience. See Appendix Q for further descriptions of the criteria. ***Each initial purchaser of the Notes will be required to execute an investment letter in the form set forth in Appendix Q, as applicable, to evidence not only the purchaser's qualification as an accredited investor but also the purchaser's understanding and acceptance of the risks involved in the purchase of the Notes.***

This Private Placement Memorandum does not purport to provide a complete description of all risks and factors to be considered by an investor in making a decision to purchase the Notes.

The Notes will be exempt from registration under the Securities Act of 1933, as amended. As obligations of a public instrumentality of the Commonwealth of Virginia, the Notes will be exempt also from registration under the securities laws of Virginia. No investigation has been undertaken with regard to registration requirements in any other jurisdiction.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Private Placement Memorandum, and, if given or made, such other information or representations should not be relied upon as having been authorized by the City or the Placement Agent. This Private Placement Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the City and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by the City or the Placement Agent. This Private Placement Memorandum speaks as of its date except where specifically noted otherwise and is subject to change without notice. Neither the delivery of this Private Placement Memorandum nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the City since the date hereof or imply that any information herein is accurate or complete as of any later date.

Tax Treatment Under existing law, in the opinion of Bond Counsel, interest on the Notes when issued (1) will not be included in gross income for federal income tax purposes, (2) will not be a specific item of tax preference for purposes of the federal alternative minimum income tax imposed on individuals and corporations and (3) will be exempt from income taxation by the Commonwealth of Virginia. The Notes are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum income tax and the environmental tax on corporations and in calculating earnings and profits for purposes of computing the branch profits tax on foreign corporations.

Bond Counsel's opinion is given in reliance on certifications of representatives of the City as to facts material to the opinion. The City has covenanted to comply with the provisions of the Code regarding, among other things, the use, expenditure and investment of proceeds of the Notes, the arbitrage restrictions imposed by the Code and to refrain from certain other actions which would cause interest on the Notes to be includable in the gross income of the registered owners thereof. Failure of the City to comply with such covenants could cause interest on the Notes to become includable in gross income for federal income tax purposes retroactive to the date of issue.

In addition to the matters addressed above, prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, "S corporations", certain foreign corporations subject to the "branch profits tax", individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Notes should consult their tax advisors as to the applicability and impact of such consequences.

CITY COUNCIL

W. Howard Myers, *Mayor*
Samuel Parham, *Vice Mayor*
David Ray Coleman
John A. Hart, Sr.
Darrin Hill
Brian A. Moore
Treska Wilson-Smith

CITY OFFICIALS

Tom Tyrrell, *Interim City Manager*
Nelsie L. Birch, MPA, *Interim Director of Finance*
Joseph Preston, *City Attorney*

FINANCIAL ADVISOR

Davenport & Company LLC
Richmond, Virginia

BOND COUNSEL

Sands Anderson PC
Richmond, Virginia

SPECIAL CITY ATTORNEY

Woodley & Flynn, PLCC
Richmond, Virginia

APPENDIX A Sinking Fund Payment Schedule
APPENDIX B Financial Statements of the City for the Fiscal Year Ended June 30, 2015
APPENDIX C City Resolution Adopted November 15, 2016
APPENDIX D Form of Trust Agreement
APPENDIX E City's Bond Compliance Policies and Procedures
APPENDIX F Text of Section 15.2-2629 of the Code of Virginia of 1950, as amended
APPENDIX G Amended Budget for the City for Fiscal Year Ending June 30, 2017
APPENDIX H Report of Public Financial Management dated August 22, 2016 Regarding the City of Petersburg, Virginia
APPENDIX I City of Petersburg Emergency Financial and Operational Restructuring Presentation by The Robert Bobb Group, LLC dated November 1, 2016
APPENDIX J Form of Specimen General Obligation Revenue Anticipation Note
APPENDIX K Cash Flow Projections Prepared by City Staff dated December 2, 2016
APPENDIX L Presentation to Council at November 15, 2016 Council Meeting
APPENDIX M Richmond Times-Dispatch Article dated November 16, 2016 Regarding City of Petersburg, Virginia
APPENDIX N List of Pending Litigation
APPENDIX O Copy of the Order of Dismissal and Settlement Agreement with South Central Wastewater Authority
APPENDIX P Form of Bond Counsel Opinion
APPENDIX Q Investment Letter
APPENDIX R Book Entry Information
APPENDIX S Form of Special City Attorney Opinion

PRIVATE PLACEMENT MEMORANDUM

CITY OF PETERSBURG, VIRGINIA

$6,500,000
GENERAL OBLIGATION REVENUE ANTICIPATION NOTES
SERIES 2016

SECTION ONE: INTRODUCTION

The purpose of this Private Placement Memorandum, including the cover page and Appendices hereto, is to furnish information in connection with the sale by the City of Petersburg, Virginia **(the "City")**, of its $6,500,000 General Obligation Revenue Anticipation Notes, Series 2016 **(the "Notes")**. The Notes will be general obligations of the City, to the payment of which the full faith and credit of the City are irrevocably pledged. Additionally, the Notes are secured by a pledge of anticipated tax revenues to be received during the current fiscal year as permitted under Section 15.2-2629 of the Code of Virginia of 1950, as amended. Financial and other information contained in this Private Placement Memorandum has been prepared by the City from its records (except where other sources are noted). This information speaks as of its date and is not intended to indicate future or continuing trends in the financial or economic position of the City.

The Issuer

The issuer of the Notes is the City of Petersburg, Virginia, a municipal corporation and city of the Commonwealth of Virginia (the "Commonwealth"), located in the central region of the Commonwealth.

The Notes

The Notes consist of $6,500,000 General Obligation Revenue Anticipation Notes, Series 2016. The Notes are dated the date of their delivery, with principal payments due at maturity on October 1, 2017. The Notes will be issued in authorized denominations of $250,000 and increments of $5,000 in excess thereof and will be held by The Depository Trust Company, New York, New York **("DTC")**, or by its nominee as securities depository with respect to the Notes.

Interest on the Notes will be payable on June 1, 2017 and at maturity or redemption. As long as the Notes are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in same day funds on each interest payment date.

Sinking fund payments to be applied against principal and interest due at maturity will be deposited by the City with UMB Bank N.A., as trustee, **(the "Trustee")** pursuant to an Agreement of Trust **(the "Trust Agreement")**, dated as of December 1, 2016, between the City and the Trustee, as reflected in the schedule attached hereto as Appendix A **(the "Sinking Fund Payment Schedule")**. Under the Trust Agreement (the form of which is attached hereto as Appendix D), the City assigns and pledges as security for the Notes any funds or accounts held under the Trust Agreement, including, but not limited to, amounts deposited with the Trustee in accordance with the Sinking Fund Payment Schedule.

Use of Proceeds

The City is issuing the Notes to (a) finance cash flow needs for general governmental operating expenses during the current fiscal year and (b) pay the costs of issuing the Notes.

Redemption

The Notes are subject to redemption prior to maturity, at the option of the City, in whole only, at any time on or after June 1, 2017, upon at least fifteen days' notice. A more complete description of the redemption features is provided in the subsection "Redemption" in Section Two.

Delivery

The Notes are offered for delivery, when, as and if issued, subject to the approval of their validity by Sands Anderson PC, Bond Counsel, and to certain other conditions referred to herein. Certain legal matters will be passed upon for the City by the Special City Attorney, Woodley & Flynn, PLCC, Richmond, Virginia. It is expected that the Notes will be available for delivery, at the expense of the City, in New York, New York, through the facilities of DTC, on or about December 8, 2016.

Auditors

The City's general purpose financial statements for the fiscal year ended June 30, 2015, have been audited by the independent public accounting firm of Robinson, Farmer, Cox Associates, Charlottesville, Virginia, and are attached as Appendix B. Robinson, Farmer, Cox Associates will not be reviewing any matters in connection with this Private Placement Memorandum or any other matters related to the issuance of the Notes. The City's financial statements are available for inspection at the Office of the Director of Finance, 135 Union Street, Petersburg, Virginia 23803.

Ratings

The Notes have not been rated.

Bond Counsel

Sands Anderson PC serves as Bond Counsel **("Bond Counsel")** to the City in connection with the issuance of the Notes. The opinion of Bond Counsel will be dated and given on, and will speak only as of, the date of issuance and delivery of the Notes. The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in this Private Placement Memorandum, and Bond Counsel makes no representation that it has independently verified the same.

Financial Advisors

The City has retained Davenport & Company LLC, Richmond, Virginia **(the "Financial Advisor")**, as its financial advisor with respect to general financial matters involving municipal finance and in connection with the City's preparation for issuance of the Notes. In addition, the City has also engaged Municipal Resource Advisors, LLC **(the "Special Financial Advisor")** as special municipal advisor in connection with the sale and placement of the Notes. A portion of the Financial Advisor's compensation and all of the Special Financial Advisor's compensation for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes. The Financial Advisor and the Special Financial Advisor are not obligated to undertake, and have not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Private Placement Memorandum.

Placement Agent

The City has engaged Crews and Associates, Inc. **(the "Placement Agent")**, to act as placement agent in connection with the private placement of the Notes. The Placement Agent has not underwritten the Notes and is not responsible for the accuracy or completeness of the information included in this Private Placement Memorandum or any other information or documentation that the purchasers of the Notes have received or relied upon in making their decision to purchase the Notes. The Placement Agent will receive a fee of $48,750.00 in connection with the successful placement of the Notes.

Continuing Disclosure

The City will provide its financial statements and annual financial report for the fiscal years ending June 30, 2016 and June 30, 2017 to the bondholders on an annual basis promptly upon the availability of such information. The City is making no further undertaking for the benefit of bondholders to provide continuing disclosure pursuant to Rule 15c2-12 of the Securities Exchange Commission **(the "Continuing Disclosure Rule")** because the Notes are being offered in authorized denominations of $250,000, and $5,000 increments in excess thereof, and being sold to no more than 35 knowledgeable and experienced investors for their own accounts and not with a view to further distribution, and, therefore, are exempt from the provisions of the Continuing Disclosure Rule. Consequently, the placement of the Notes by the Placement Agent and sale of the Notes is exempt from the provision of the Continuing Disclosure Rule requiring covenants for the production of annual financial and operating information. Accordingly, the City has no obligation to provide any such information to the holders of the Notes or any nationally recognized municipal securities information repository.

The City has agreed in the Trust Agreement to maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs. The City has also agreed to have an annual audit of the financial condition of the City made by an independent certified public accountant, within two hundred and seventy days after the end of each Fiscal Year and to furnish to the Trustee and the Placement Agent copies of such report immediately after it is submitted to the City. Such report shall include statements in reasonable detail, certified by such accountant, reflecting the City's financial position as of the end of such Fiscal Year and the results of the City's operations and changes in the financial position of its funds for the Fiscal Year.

While the Notes are outstanding, the City has also agreed the following:

i. to provide on or before the last business day of each month, to the Trustee and the Placement Agent, any annual or event filings made by the City in connection with any continuing disclosure obligations undertaken in connection with Rule 15c2-12 promulgated by the Securities and Exchange Commission, including, but not limited to, the City's continuing disclosure obligation in connection with its $6,155,000 General Obligation Refunding Bonds, Series 2004.

ii. to provide on or before the last business day of each month, to the Trustee and the Placement Agent a monthly report of real property and personal property tax collections received by the City in the preceding month and a monthly report reflecting the amount and source of any other revenues paid by the City into the Note Fund.

iii. to provide to the Trustee and the Placement Agent written notice of any litigation or government regulatory actions initiated against the City representing a claim against the City equal to or in excess of $250,000 that could have a material adverse impact on the City's finances or its ability to pay the Notes when due.

iv. to additionally file any information described in this Section 503 by electronic transmission in the format prescribed by the Municipal Securities Rulemaking Board **("MSRB")** to the MSRB's Electronic Municipal Market Access System **("EMMA")**.

The City has entered into an undertaking **(the "Prior Undertaking")** with respect to the City's $6,155,000 General Obligation Refunding Bonds, Series 2004. During the past five years, the audited financial statements for Fiscal Years 2011, 2012, 2013 and 2014 were untimely filed under the terms of the Prior Undertaking. In connection with each of the foregoing late filings, the City was required, but failed to file notices of failures to comply with its Prior Undertaking for such fiscal years. The City was also required, but failed to file operating data on a timely basis. The operating data that was initially filed to remedy such failure did not include all required information (relating to taxable retail sales data). A corrected filing relating to operating data has been filed. In connection with the operational restructuring of the City, the City has enacted procedures to ensure future

compliance with the Prior Undertaking. A copy of the Bond Compliance Policy of the City as approved by the City Manager is attached hereto as Appendix E.

Additional Information

Any questions concerning the content of this Private Placement Memorandum should be directed to Nelsie L. Birch, Director of Finance, 135 Union Street, Petersburg, Virginia 23803 (804 733-2337).

SECTION TWO: THE NOTES

Authorization of the Notes

The Notes are being issued pursuant to the Constitution of the Commonwealth of Virginia, the provisions of the Public Finance Act of 1991 (Chapter 26 of Title 15.2 of the Code of Virginia, 1950, as amended), and a resolution adopted by the City Council on November 15, 2016 **(the "Note Resolution").**

Description of the Notes

The Notes consist of $6,500,000 General Obligation Revenue Anticipation Notes, Series 2016. The Notes are dated the date of their delivery, with principal payments due at maturity on October 1, 2017. The Notes will be issued in authorized denominations of $250,000 and increments of $5,000 in excess thereof and will be held by The Depository Trust Company, New York, New York **("DTC")**, or by its nominee as securities depository with respect to the Notes.

Interest on the Notes will be payable on June 1, 2017 and at maturity or redemption. As long as the Notes are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in same day funds on each interest payment date. If such interest payment date is not a business day, such payment shall be made on the immediately preceding business day with the same effect as if made on the interest payment date. The registration books are kept by UMB Bank N.A., who has been appointed paying agent and registrar **(the "Registrar")** in addition to serving as trustee as described below.

Sinking fund payments to be applied against principal and interest due at maturity will be deposited by the City with UMB Bank N.A., as trustee, **(the "Trustee")** pursuant to an Agreement of Trust **(the "Trust Agreement")** dated as of December 1, 2016, between the City and the Trustee, as reflected in the schedule attached hereto as Appendix A **(the "Sinking Fund Payment Schedule")**. Under the Trust Agreement, the City assigns and pledges as security for the Notes any funds or accounts held under the Trust Agreement, including, but not limited to, amounts deposited with the Trustee in accordance with the Sinking Fund Payment Schedule. The payments pursuant to the Sinking Fund Payment Schedule are expected to be made from property tax collections by or on behalf of the City, but are also payable from general funds of the City to the extent such property tax collections are not sufficient to make payments pursuant to the Sinking Fund Payment Schedule when due.

Form and Denomination

The Notes will be issued by means of a book-entry system with no physical distribution of Note certificates made to the public. One Note certificate for each maturity will be issued to DTC, or its nominee, and immobilized in its custody. Beneficial Owners (as hereinafter defined) will not receive physical bond certificates representing their interests in the Notes purchased. So long as DTC or its nominee is the registered owner of the Notes, references in this Private Placement Memorandum to the owners of the Notes shall mean DTC or its nominee and shall not mean the Beneficial Owners. The Note Resolution contains provisions applicable to periods when DTC or its nominee is not the registered owner. See the section herein "DTC and Book-Entry System."

Optional Redemption

The Notes are subject to redemption prior to maturity at the option of the City at any time on or after June 1, 2017, in whole only, upon payment of 100% of the Notes to be redeemed plus interest accrued and unpaid to the date fixed for redemption.

Notice of Redemption

The City shall cause notice of the call for redemption identifying the Notes or portions thereof to be redeemed to be sent by facsimile or electronic transmission, registered or certified mail or overnight express delivery, not less than 15 nor more than 60 days prior to the redemption date, to DTC, or its nominee, as the registered owner of the Notes. The City shall not be responsible for mailing notice of redemption to anyone other than DTC or another qualified securities depository or its nominee unless no qualified securities depository is the registered owner of the Notes. If no qualified securities depository is the registered owner of the Notes, notice of redemption shall be mailed to the registered owners of the Notes.

The City may give or cause to be given notice of redemption prior to a deposit of redemption moneys if such notice states that the redemption is to be funded with the proceeds of a refunding bond issue and is conditioned on the deposit of such proceeds. Provided that moneys are deposited on or before the redemption date, such notice shall be effective when given. If such proceeds are not available on the redemption date, such Notes will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption and principal will continue to be payable as scheduled. On presentation and surrender of the Notes called for redemption at the place or places of payment, such Notes shall be paid and redeemed.

DTC and Book-Entry System

A description of the book-entry system based solely upon information furnished by DTC is attached hereto as Appendix R.

Purpose and Application of Proceeds

The City is issuing the Notes to (a) finance cash flow needs for general governmental operating expenses during the current fiscal year, and (b) pay costs incurred in issuing the Notes.

The following table sets forth the anticipated application of the proceeds of the Notes for the purposes described above:

Sources of Funds	
Principal Amount of Notes	$6,500,000
Total Sources	$6,500,000
Uses of Funds	
Costs of Issuance	$532,690.01
Deposit to City	$5,967,309.99
Total Uses	$6,500,000

Security for and Sources of Payment of the Notes

As evidenced by the Resolution of the City adopted November 15, 2016 and attached hereto as Appendix C, the Notes will be general obligations of the City for the payment of which the City's full faith and credit will be

irrevocably pledged. The City's full faith and credit are pledged to secure the payment of the principal of, premium, if any, and interest on the Notes, payable from property tax collections by or on behalf of the City plus any other available funds of the City. While the Notes remain outstanding and unpaid, the City Council is authorized and required, unless other funds are lawfully available and appropriated for the timely payment of the Notes, to levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law, and without limitation as to rate or amount, upon all locally taxable property within the City sufficient to pay when due the principal of and premium, if any, and interest on the Notes. Additionally, the Notes are secured by a pledge of anticipated tax revenues to be received during the current fiscal year as permitted under Section 15.2-2629 of the Code of Virginia of 1950, as amended, a copy of the text of which is attached hereto as Appendix F.

The City has never defaulted in the payment of either principal of or interest on any indebtedness.

Events of Default.

The Trust Agreement provides that each of the following events is an Event of Default thereunder:

(a) Default in the due and punctual payment of the principal of any Note (whether at maturity, call for redemption or otherwise);

(b) Default in the due and punctual payment of the interest on any Note; and

(c) Default in the payment of any amount due on a Payment Date which is not paid by the date which is three (3) Business Days following the date such payment is due.

(d) Failure of the City to observe and perform any of its other covenants, conditions or agreements under this Agreement or in the Notes for a period of 30 days after written notice either from the Trustee or holders of not less than 25% in aggregate principal amount of Notes then Outstanding (unless the Trustee should agree in writing to an extension of such time prior to its expiration), specifying such failure and requesting that it be remedied, or in the case of any such default that cannot with due diligence be cured within such 30-day period, failure of the City to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence.

Bondholders' Remedies in the Event of Default

The Trust Agreement provides that upon the occurrence and during the continuation of an Event of Default, the Trustee may, and upon the written request of the holders of a majority in aggregate principal amount of Notes Outstanding hereunder, shall, declare the principal of all Notes and interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. In each case, the Trustee must declare such an Event of Default and acceleration of the Notes by notice in writing delivered to the City, the Owners of the Notes (Cede & Co.) and the Placement Agent. Upon any such declaration the City must forthwith pay to the Owners of the Notes the entire unpaid principal of and accrued interest on the Notes.

Upon the occurrence and continuation of an Event of Default, the Trustee may (and if requested by the holders of not less than 25% in aggregate principal amount of Notes then Outstanding and if provided satisfactory indemnity) proceed to protect and enforce their rights by mandamus or other suit, action or proceeding at law or in equity, including an action for specific performance of any covenant or agreement herein contained.

No remedy conferred by the Trust Agreement upon or reserved to the Trustee or Noteholders is intended to be exclusive of any other remedy, but each such remedy is cumulative and is in addition to any other remedy given to the Trustee or Noteholders hereunder or now or hereafter existing at law, in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default will impair any such right or power or be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default by the Trustee or Noteholders will extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Anything in the Trust Agreement to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Notes then Outstanding have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Agreement or any other proceedings hereunder; provided, however, that such direction will not be otherwise than in accordance with the provisions of law and of the Trust Agreement.

Section 15.2-2659 of the Code of Virginia of 1950, as amended, provides that upon affidavit filed with the Governor of the Commonwealth of Virginia **(the "Commonwealth")** by any holder of or paying agent for a general obligation bond in default as to payment of principal, premium, if any, or interest, the Governor shall conduct a summary investigation to his satisfaction and, if satisfied that such default has occurred, the Governor shall order the State Comptroller to withhold all funds appropriated and payable by the Commonwealth to the political subdivision so in default and apply such funds to payment of the defaulted principal, premium, if any, and interest.

Section 15.2-2659 also provides for notice to the registered owners of such bonds of the default and the availability of withheld funds. The State Comptroller advises that to date no order to withhold funds pursuant to Section 15.2-2659 or the predecessor provisions of Section 15.2-2659 have ever been issued. Although neither Section 15.2-2659 nor its predecessor provisions have been approved by a Virginia court, the Attorney General of Virginia has ruled that appropriated funds may be withheld by the Commonwealth pursuant to its predecessor section, Section 15.1-225. In the fiscal year ended June 30, 2015, $23,548,977 total direct appropriations were paid by the Commonwealth to the City.

Neither the Notes, nor the proceedings with respect thereto specifically provide any remedies that would be available to a bondholder if the City defaults in the payment of principal of or interest on the Notes, nor do they contain any provision for the appointment of a trustee to protect and enforce the interests of the bondholders upon the occurrence of such a default. Upon any default in the payment of principal or interest, a bondholder may, among other things, seek a writ of mandamus from an appropriate court requiring the City Council to levy and collect taxes as described above. The mandamus remedy, however, may be impracticable and difficult to enforce. Furthermore, the right to levy and collect taxes and to enforce payment of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

Chapter 9 of the United States Bankruptcy Code **(the "Bankruptcy Code")** permits a municipality such as the City, if insolvent or otherwise unable to pay its debts as they become due, to file a voluntary petition for the adjustment of debts, provided that such municipality is "specifically authorized, in its capacity as a municipality or by name, to be a debtor" Bankruptcy Code §109(c)(2). Current Virginia statutes do not expressly authorize the City or municipalities generally to file for bankruptcy under Chapter 9. The Bankruptcy Code also does not authorize the filing of involuntary petitions against municipalities such as the City (11 U.S.C. Section 303(a)).

Bankruptcy proceedings by the City could have adverse effects on bondholders including: (a) delay in the enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretations. However, Bankruptcy Code section 926(b) protects holders of a bond or note issued by a municipality from having payments on such bond or notes recovered as preferences under Bankruptcy Code section 547.

Trust Agreement

Upon delivery of the Notes, the City will enter into the Trust Agreement. The Trust Agreement establishes a note fund **(the "Note Fund")**, into which the City agrees to make monthly deposits as provided in Appendix A, to be held as a sinking fund and applied to pay principal and accrued interest on the Notes at maturity. The payments pursuant to the Sinking Fund Payment Schedule are expected to be made from property tax collections by or on

behalf of the City, but are also payable from general funds of the City to the extent such property tax collections are not sufficient to make payments pursuant to the Sinking Fund Payment Schedule when due. Investment earnings on funds in deposit in the Note Fund will be retained in the Note Fund to be applied to payment of the Notes as maturity, and to the extent not needed to pay principal and interest on the Notes upon maturity, will be deposited with the City following payment in full of all amounts due under the Notes. The Note Fund, including interest earnings on funds deposited therein is pledged solely for the benefit of the holders of the Notes.

Approval of Legal Proceedings

Certain legal matters relating to the authorization and validity of the Notes will be subject to the approving opinion of Sands Anderson PC, Bond Counsel, which will be furnished at the expense of the City upon delivery of the Notes, in substantially the form set forth in Appendix P **(the "Bond Opinion")**. The Bond Opinion will be limited to matters relating to authorization and validity of the Notes and to the tax status of interest on the Notes as described in the section herein "Tax Exemption." Bond Counsel has not been engaged to investigate the financial resources of the City or its ability to provide for payment of the Notes, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Private Placement Memorandum or any other information that may have been relied on by anyone in making the decision to purchase the Notes.

Certain legal matters will be passed upon for the City by Woodley & Flynn, PLCC, Richmond, Virginia, Special City Attorney, as provided in the Special City Attorney opinion, in substantially the form set forth in Appendix S and for the Placement Agent by Williams Mullen, Richmond, Virginia.

Tax Exemption

Opinion of Bond Counsel. In the opinion of Bond Counsel, under current law, interest on the Notes (a) will not be included in gross income for Federal income tax purposes and (b) will not be an item of tax preference for purposes of the Federal alternative minimum income tax imposed on individuals and corporations; however, with respect to corporations (as defined for Federal income tax purposes) subject to the Federal alternative minimum income tax, such interest is taken into account in determining adjusted current earnings for purposes of computing such tax. Bond Counsel is of the opinion that interest will be exempt from income taxation by the Commonwealth of Virginia. Except as discussed below, no other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Notes.

The City has designated the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code and in the opinion of Bond Counsel, under existing law, the Notes will be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code as shown in the Form of the Opinion of Bond Counsel in Appendix P.

Bond Counsel's opinion will be given in reliance upon certifications by representatives of the City as to certain facts relevant to both the opinion and requirements of the Code and is subject to the condition that there is compliance subsequent to the issuance of the Notes with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for Federal income tax purposes. The City has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes and the timely payment to the United States of any arbitrage rebate amounts with respect to the Notes. Failure by the City to comply with such covenants, among other things, could cause interest on the Notes to be included in gross income for Federal income tax purposes retroactively to their date of issue.

The Internal Revenue Service **(the "Service")** has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Notes, under current Service procedures, the Service will treat the City as the taxpayer and the owners of the Notes will have only limited rights, if any, to participate.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of existing law, but is not a guarantee of result or binding on the Service or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law or the interpretation thereof that may thereafter occur or become effective.

Other Tax Matters. In addition to the matters addressed above, prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations may result in collateral Federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Notes should consult their tax advisors as to the applicability and impact of such consequences.

There are many events which could affect the value and liquidity or marketability of the Notes after their issuance, including but not limited to public knowledge of an audit of the Notes by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Notes who purchase Notes after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Private Placement Memorandum purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Notes should seek advice concerning such matters as they deem prudent in connection with their purchase of Notes.

Prospective purchasers of the Notes also should consult their own tax advisors as to the status of interest on the Notes under the tax laws of any state other than Virginia.

SECTION THREE: INFORMATION ON THE CITY

Introduction

Financial information on the City is set forth in the various Appendices as set forth below.

Financial Statements

The City's general purpose financial statements for the fiscal year ended June 30, 2015, have been audited by the independent public accounting firm of Robinson, Farmer, Cox Associates, Charlottesville, Virginia, and are attached as Appendix B. Robinson, Farmer, Cox Associates will not be reviewing any matters in connection with this Private Placement Memorandum or any other matters related to the issuance of the Notes. The City's financial statements are available for inspection at the Office of the Director of Finance, 135 Union Street, Petersburg, Virginia 23803.

Adopted Budget

A copy of the City's adopted Fiscal Year 2017 budget, as amended on September 7, 2016 **(the "Amended 2017 Budget")** is attached hereto as Appendix G.

PFM Report

In connection with various budget and revenue discrepancies in the City's operations, the City engaged Public Financial Management **("PFM")** to assist in the review of the City's budgetary and cash flow issues and develop recommendations to rectify the City's budgetary issues. A copy of the August 22, 2016 report from PFM is attached hereto as Appendix H **(the "PFM Report")**. The Amended 2017 Budget is based, in part, on the recommendations set forth in the PFM Report.

Robert Bobb Group

The City has engaged the Robert Bobb Group, LLC (**the "Bobb Group"**) to assist in rectifying the City's ongoing financial issues and restructuring the City's operations going forward to prevent future financial issues. Tom Tyrrell, a Bobb Group employee, has been appointed Interim City Manager and Nelsie L. Birch, a Bobb Group employee, has been appointed Interim Director of Finance for the City. A copy of the Bobb Group presentation made to City Council at their November 1, 2016 meeting is attached hereto as Appendix I. A copy of the updated Bobb Group presentation made to City Council at their November 15, 2016 meeting is attached hereto as Appendix L. Additionally a copy of an article from the Richmond Times-Dispatch published November 16, 2016 describing the City's financial situation, the assistance of the Bobb Group and the ongoing efforts to rectify the City's financial challenges is attached hereto as Appendix M.

Projected Cash Flows

In connection with the City's ongoing financial issues, the City has prepared a monthly projected cash flow model for the City through June 2017, attached hereto as Appendix K.

Pending Litigation and Administrative Proceedings

The City and its employees have been named from time to time as defendants in various claims, which are being defended by the City Attorney and associated counsel. The City's potential liability is protected partially by sovereign immunity and by indemnification agreements. A listing of the litigation matters pending against the City and any pending government investigations regarding the City, if any, including information about amounts and the provisions for insurance coverage is attached hereto as Appendix N. No opinion is provided by the City Attorney as to whether or not litigation currently pending against the City could reasonably be expected to have a material adverse effect on the City's financial condition.

On September 23, 2016, the South Central Wastewater Authority (**"SCWWA"**) filed a complaint and petition for appointment of a receiver in connection with amounts owed and past due by the City to SCWWA under a service agreement for wastewater services among the City, SCWWA and the other member jurisdictions of SCWWA. The matter was dismissed after a settlement was reached between the City and SCWWA to provide a plan to resolve the past due payments. A copy of the Order of Dismissal and Settlement Agreement between the City and SCWWA resolving the litigation is attached hereto as Appendix O.

The City and Virginia Resources Authority (**"VRA"**) have amended the financing agreements related to various outstanding bond issues of the City issued in 2013, 2014 and 2015 to provide for the change in use of unexpended bond proceeds from such issues. The amendments resulted in the City using approximately $1,291,918.17 of such proceeds to reimburse itself for capitalized interest paid and the redesignation of $913,570.00 to various capital projects, with the remaining $5,306,244.19 deferred for potential debt service or deferred capital projects for the City.

According to the City Attorney, there is no litigation of any kind now pending or, to the best of his information, knowledge and belief, threatened against the City which would affect the validity of the Notes or the right of the City to levy or collect an annual ad valorem tax, over and above all other taxes authorizing or limited by law and without limitation as to rate or amount, on all locally taxable property in the City sufficient to pay the principal of and interest on the Notes as the same became due.

APPENDIX A
SINKING FUND PAYMENT SCHEDULE

	Rate	4.50%					
	Amount	6,500,000.00					
	Payment	673,806.25					
		Stated Payment Schedule			Monthly Funding and Accumulated Balance		
		Principal	Interest	Total	Funding schedule	Accumulated Balance	Accumulated Balance Less Payment
Assumed Closing Date	12/8/2016						
	1/1/2017				673,806.25	673,806.25	673,806.25
	2/1/2017				673,806.25	1,347,612.50	1,347,612.50
	3/1/2017				673,806.25	2,021,418.75	2,021,418.75
	4/1/2017				673,806.25	2,695,225.00	2,695,225.00
	5/1/2017				673,806.25	3,369,031.25	3,369,031.25
Interest Payment	6/1/2017		140,562.50	140,562.50	673,806.25	4,042,837.50	3,902,275.00
	7/1/2017				673,806.25	4,716,643.75	4,576,081.25
	8/1/2017				673,806.25	5,390,450.00	5,249,887.50
	9/1/2017				673,806.25	6,064,256.25	5,923,693.75
Maturity Date	10/1/2017	6,500,000.00	97,500.00	6,597,500.00	673,806.25	6,738,062.50	0.00
		6,500,000.00	238,062.50	6,738,062.50	6,738,062.50		

APPENDIX B
FINANCIAL STATEMENTS OF THE CITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Petersburg, Virginia

For the Fiscal Year
ended June 30, 2015

City of Petersburg, Virginia

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

Prepared By:

Department of Finance

CITY OF PETERSBURG, VIRGINIA

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

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CITY OF PETERSBURG, VIRGINIA

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

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CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report
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CITY OF PETERSBURG, VIRGINIA
CITY COUNCIL AND EXECUTIVE OFFICERS
JUNE 30, 2015

CITY COUNCIL

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

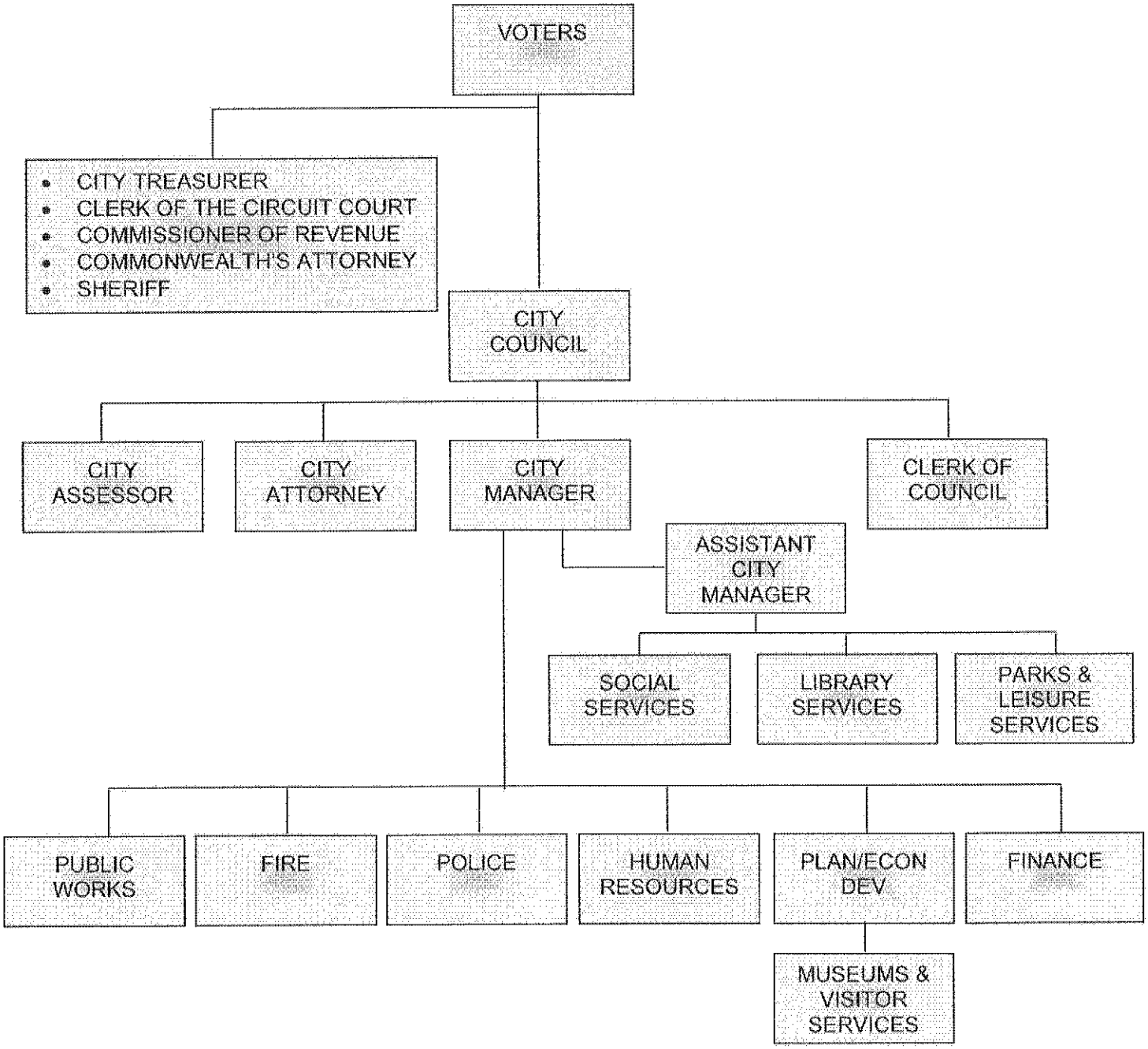
CONSTITUTIONAL OFFICERS

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

CITY ADMINISTRATION

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

CITY OF PETERSBURG, VIRGINIA
ORGANIZATIONAL CHART



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Petersburg

Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

I AM PETERSBURG VIRGINIA

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

December 21, 2015

The Honorable Members of City Council
City of Petersburg, Virginia

To the Honorable Members of City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of Petersburg, Virginia (the City) for the year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK AND FUTURE PROSPECTS

The City's basic industries are manufacturing, government, trade and services. The manufacturing sector includes firms in the chemical, medical, metal and optical industries. The City's economic prospects are enhanced by its proximity to Richmond, the state capital, and its inclusion in the Richmond-Petersburg Metropolitan Statistical Area. Fort Lee Army Base is located adjacent to the City. Fort Lee houses the Army's Quartermaster and Logistics Management Centers. Fort Lee has an average daily population of 44,000 and employs approximately 5,200 civilians. Fort Lee has an economic impact on the region in excess of $2.4 billion.

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

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

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

ECONOMIC CONDITION AND OUTLOOK AND FUTURE PROSPECTS: (CONTINUED)

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

Visitation to the City is enhanced through participation in Petersburg Area Regional Tourism, exhibits at our museums and events such as the Friday for the Arts, the Farmer's Market and the Festival of Grapes and Hops. Over the last year, Petersburg has become a major hub for filmmakers. Major film projects such as the Meg Ryan movie *Ithaca* an Apple Lane Production, *Legends and Lies into the West*, by Lionheart Filmworks and the continuation of the AMC series *Turn*, all filmed in downtown Petersburg during 2015.

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

MAJOR INITIATIVES

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

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

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

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

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

OTHER INFORMATION

Relevant Financial Policies:

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

The City recognizes the need to monitor revenue estimates to identify any shortfalls and potential trends that would significantly affect the various revenue sources in the current budget. Individuals in the Finance Department monitor revenues to ensure a careful review of all revenue sources and to provide revenue estimates for budget development.

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Petersburg, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Petersburg, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, on our consideration of the City of Petersburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Petersburg, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 20, 2015

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As management of the City of Petersburg, Virginia (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

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

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

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

Overview of the Financial Statements

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

Government-wide Financial Analysis

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

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

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

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

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

Government-wide Financial Analysis: (Continued)

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

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

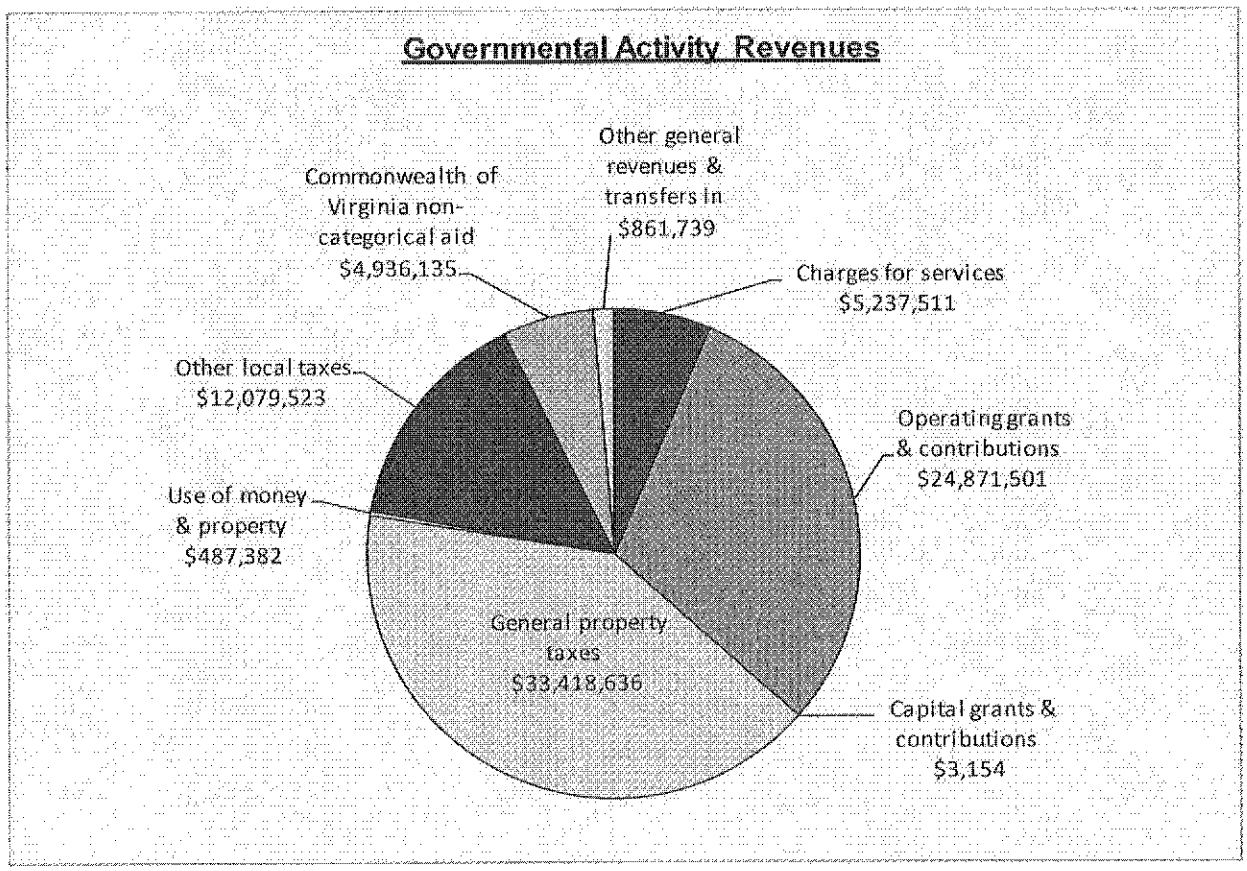
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	$ 5,237,511	$ 4,784,571	$ 10,031,375	$ 10,336,703	$ 15,268,886	$ 15,121,274
Operating grants and contributions	24,458,455	24,871,501	3,144,068	1,768,821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

Government-wide Financial Analysis: (Continued)

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

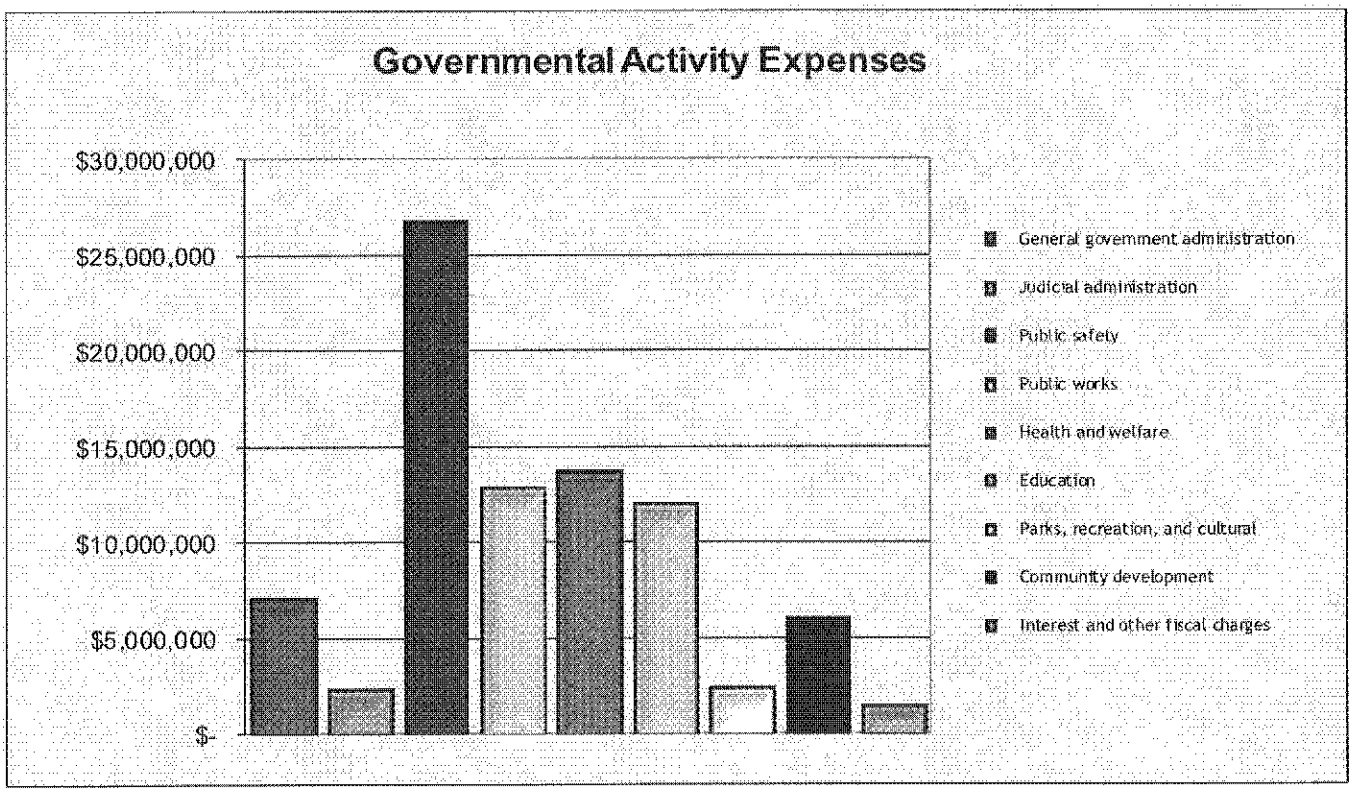
Net position decreased in the business-type activities by $2,493,081. The Public Utility Fund's net position decreased by $1,382,608, the Mass Transit Fund net position decreased by $547,645 and the Golf Course decreased by $562,828. Overall business-type activity revenues decreased from $14,110,357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

The chart below provides an overview of FY 14-15 revenues by program source:



Government-wide Financial Analysis: (Continued)

The chart below denotes expenses by major category.



Financial Analysis of the City's Funds

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

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

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

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

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

- In FY 15 the City's contributions to the Riverside Regional Jail increased from $1,139,440 to $1,558,148, an increase of $418,708. These contributions are recorded as contributions to community organizations, under community development.

- In FY 14 the City transferred $610,883 to the Federal and State Grants Projects Fund for future projects and these expenditures were not present in FY 15. These monies were transferred to provide funding for fire departments and law library expenditures. In addition the City provided funding to the business-type activities in FY 14 totaling $878,560 but provided no funding of this nature in FY 15.

- In FY 15 the General Fund expended $82,936,405 while revenues totaled $76,978,947, a deficiency of $5,489,469, reference Exhibit 11.

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

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

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

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

General Fund Budgetary Highlights

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

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

- An increase of $1,000,000 in miscellaneous revenues.

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

Capital Assets and Debt Administration

Capital assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015 totaled $107,132,860 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, water capacity rights intangibles, vehicles, and machinery and equipment. Current year depreciation on the assets amounted to $3,642,393 in the governmental activities and $2,454,578 in the business-type activities. The City's governmental capital assets, net of accumulated depreciation, decreased by $1,665,123. The City's business-type capital assets, net of accumulated depreciation, increased $120,291. More detailed information on the City's capital assets can be found in Note 6 of this report.

Long-term obligations - At the end of the current fiscal year, the City governmental activities had total long-term obligations outstanding of $71,683,251 and the business-type activities had $20,388,691. Of these amounts $57,919,630 comprises debt backed by the full faith and credit of the City as general obligation and Qualified Zone Academy bonds. During the fiscal year, the City issued $5,440,000 in general obligation bonds, $2,000,000 in School Qualified Zone Academy Bonds, $7,380,000 in Public Utility Bonds. The City also issued $703,067 in capital lease obligations for various vehicles and equipment and in addition issued $1,003,000 for installation of water meters for the Public Utility Fund. The City also issued and redeemed $5,000,000 of tax revenue anticipation notes during the year. As noted earlier the City recorded net pension liabilities in accordance with GASB 68 and the liabilities total $21,602,878 at June 30, 2015. More detailed information on the City's long-term obligations can be found in the Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

Based on available economic data, certain trends for the local economy have continued to show improvements while others have not. The local unemployment rate is currently at 9.1%, which is lower than the 9.5% in September, 2014. The state unemployment rate is currently 5.0%.

This factor was considered in preparing the City's budget for the 2016 fiscal year. The General Fund for FY 16 totals $75,227,328, which is $5,248,386 lower the fiscal 2015 approved budget. The real estate tax rate of $1.35 per $100 assessment remains unchanged.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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CITY OF PETERSBURG, VIRGINIA

Exhibit 1

Statement of Net Position
June 30, 2015

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

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

CITY OF PETERSBURG, VIRGINIA

Statement of Activities
Year Ended June 30, 2015

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

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

Net position - beginning, as restated
Net position - ending

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

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

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Fund Financial Statements

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CITY OF PETERSBURG, VIRGINIA

Exhibit 3

Balance Sheet - Governmental Funds
At June 30, 2015

	Governmental Funds			
	General	Capital Projects	Non Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ -	$ 4,000,167	$ 2,312,464	$ 6,312,631
Restricted cash	4,314,400	8,517,018	1,851,264	14,682,682
Receivables (Net of allowances for uncollectibles):				
Taxes	9,830,975	-	-	9,830,975
Accounts	957,922	-	243,607	1,201,529
Inventory and land held for resale	5,352,974	-	-	5,352,974
Due from other funds	9,148,704	279,781	-	9,428,485
Due from other governmental units	5,089,693	258	139,106	5,229,057
Total assets	$ 34,694,668	$ 12,797,224	$ 4,546,441	$ 52,038,333
LIABILITIES				
Accounts payable	$ 1,951,114	$ 179,990	$ 534,096	$ 2,665,200
Reconciled overdraft	7,049,166	-	-	7,049,166
Accrued salaries payable	3,478,384	-	82,055	3,560,439
Deposits held	25,147	-	-	25,147
Unearned revenue	-	-	668,420	668,420
Due to other funds	-	-	250,071	250,071
Due to Component Unit School Board	789,499	3,070,486	-	3,859,985
Total liabilities	$ 13,293,310	$ 3,250,476	$ 1,534,642	$ 18,078,428
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	$ 7,596,432	$ -	$ -	$ 7,596,432
FUND BALANCE				
Nonspendable:				
Inventory and land held for resale	$ 5,352,974	$ -	$ -	$ 5,352,974
Cemetery Perpetual care and library	-	-	1,842,730	1,842,730
McKenney scholarships	-	-	8,534	8,534
Interfund loans	9,148,704	-	-	9,148,704
Restricted:				
Grants	-	-	1,160,535	1,160,535
Debt service	4,314,400	-	-	4,314,400
Capital projects	-	9,546,748	-	9,546,748
Unassigned (deficit)	(5,011,152)	-	-	(5,011,152)
Total fund balances	$ 13,804,926	$ 9,546,748	$ 3,011,799	$ 26,363,473
Total liabilities, deferred inflows of resources and fund balance	$ 34,694,668	$ 12,797,224	$ 4,546,441	$ 52,038,333

Fund balances above	$ 26,363,473
Detailed explanation of adjustments from fund statements to government-wide statement of net position:	
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the locality as a whole.	56,724,734
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when	(342,985)
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.	
Items related to measurement of net pension liability	(8,117,030)
Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and, therefore, are not reported in the funds.	3,695,513
Some of the City's property taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore are reported as unavailable in the funds.	7,573,247
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net position.	(71,683,251)
Net position of General Government Activities	$ 14,213,701

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

CITY OF PETERSBURG, VIRGINIA

Exhibit 4

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

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

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Year Ended June 30, 2015

		Primary Government Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 1,217,541
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. The following details support this adjustment.		
Capital asset additions	$ 1,977,270	
Depreciation expense	(3,642,393)	(1,665,123)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the following:		
Change in deferred taxes	$ 859,869	
Increase (decrease) in deferred inflows related to the measurement of net pension liability	(8,117,030)	(7,257,161)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:		
Principal retired on debt	$ 2,603,645	
Issuance of debt, premium on debt and capital leases	(8,784,582)	(6,180,937)
Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		3,695,513
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in compensated absenses	$ 128,326	
Change in net pension liability	6,264,203	
Change in net OPEB obligation	(3,000)	
Change in accrued interest payable	(41,556)	6,347,973
Change in net position of governmental activities		$ (3,842,194)

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

CITY OF PETERSBURG, VIRGINIA

Exhibit 6

Statement of Net Position
Proprietary Funds
June 30, 2015

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

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

CITY OF PETERSBURG, VIRGINIA

Exhibit 7

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

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

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

CITY OF PETERSBURG, VIRGINIA

Exhibit 8

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

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

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

CITY OF PETERSBURG, VIRGINIA

Exhibit 9

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

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

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

CITY OF PETERSBURG, VIRGINIA

Exhibit 10

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

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

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

Note 1—Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The City has no blended component units to be included for the fiscal year ended June 30, 2015.

Discretely Presented Component Unit. The School Board is a discretely presented component unit of the City of Petersburg, Virginia for the fiscal year ended June 30, 2015.

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

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

C. Other Related Organizations

Included in the City's Comprehensive Annual Financial Report

None

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

C. Other Related Organizations: (Continued)

Excluded from the City's Comprehensive Annual Financial Report

Joint Ventures

South Central Wastewater Authority

The South Central Wastewater Authority is considered a joint venture and therefore its operations are not included in the City's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase wastewater treatment services from the Authority at prescribed rates and capacity levels. Based on the City's capacity level of 10.5 million gallons out of total capacity of 20 million gallons, the City retains an on-going financial responsibility for the joint venture due to this requirement. The City's expenditures for wastewater treatment services for the year ended June 30, 2015 were $3,807,994 and amortization of prepaid debt service totaled $435,000. The City does not retain a financial interest in the SCWA.

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

Riverside Regional Jail Authority

The Riverside Regional Jail Authority is considered a joint venture and therefore its operations are not included in the City's financial statements. The Counties of Charles City, Chesterfield, Prince George and Surry and the Cities of Petersburg, Colonial Heights and Hopewell each appoint one member to the seven member board. Each participating entity is required to commit prisoners and pay the established per diem charge in accordance with it service agreement with the RRJA. The City's expenditures for confinement services for the year ended June 30, 2015 were $1,558,148. The City does not retain a financial interest in the RRJA.

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

Appomattox River Water Authority

The Appomattox River Water Authority is considered a joint venture and therefore its operations are not included in the City's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase water in accordance with it service agreement with the ARWA. The City's expenses for water purchased for the year ended June 30, 2015 were $1,224,873. The City does not retain a financial interest in the ARWA.

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

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.

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

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

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.), which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. The City does not allocate indirect expenses. Operating grants presented include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers non-grant related revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period to the extent they are measurable and available. Reimbursement grants, or expenditure-driven grants, are recognized as revenue when measurable, all eligibility criteria have been

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

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

Measurement Focus and Basis of Accounting: (Continued)

met, the related amounts become available, and if received within one year. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims and judgments, and landfill closure liability and post-closure monitoring, are recorded only when payment is due.

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

1. Governmental Funds

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

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

   b. Special Revenue Funds - Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special Revenue Funds consist of the Federal and State Projects Fund and Community Development Act. Both of these funds are considered nonmajor funds for reporting purposes.

   c. Capital Projects Funds - Capital Projects Funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. Capital Projects Funds consist of Capital Projects Fund. The Capital Projects fund is considered a major fund for reporting purposes.

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

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

1. Governmental Funds: (Continued)

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

2. Proprietary Funds

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

   Enterprise Funds

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

   The City reports the following major enterprise funds.

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

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

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

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

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

E. Budgets and Budgetary Accounting

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

1. Prior to April 30, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain citizen comments.

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Ordinance.

4. The Appropriations Ordinance places legal restrictions of budgetary control at the function level for the General Fund and the fund level for the Special Revenue Funds. City Council must approve any budget revisions at the function level once the appropriation ordinance has been adopted.

5. Capital Projects Funds are budgeted on a project-length basis. Adopted budgets may be amended or superseded by action of City Council.

6. Budgets are also adopted by City Council for the Enterprise Funds. Budget to actual comparisons for these funds are not presented since there is no legal requirement for such presentation.

7. Appropriations, except for encumbrances and committed or assigned fund balances, lapse at year-end.

8. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

9. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

F. Cash and Cash Equivalents

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

G. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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

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

H. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $2,647,893 at June 30, 2015 and is comprised of the following:

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

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

I. South Central Wastewater Authority Water Capacity Rights

The City participates in the South Central Wastewater Authority joint venture. The SCWA was established when the City transferred its investment in its wastewater treatment assets, net of the related debt of approximately $19 million, in exchange for 10.5 million gallons of capacity valued at $1 million per 1 million gallons of capacity and a payment of $9.5 million. The City maintained 10.5 million gallons of capacity or 52.5% of the plant's total capacity. The joint venture agreement does not state that the City is to share in the profits and losses of SCWA, and there is no explicit, measurable equity interest in SCWA. The City reports the water capacity rights as an intangible capital asset.

J. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized for the year ended June 30, 2015.

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

J. Capital Assets: (Continued)

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

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

K. Compensated Absences

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

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

L. Retirement Plan

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

M. Property Taxes

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

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

M. Property Taxes: (Continued)

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

N. Inventory and Land Held for Resale

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

O. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

P. Fund Equity

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

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

P. Fund Equity: (Continued)

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

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

Q. Use of Estimates

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

R. Internal and Intra-entity Activity

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

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

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

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

S. Restricted Cash

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

T. Net Position

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

U. Net Position Flow Assumption

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

V. Deferred Outflows/Inflows of Resources

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

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

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

W. Pensions

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

X. Adoption of Accounting Principles

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

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

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

Y. Upcoming Pronouncements

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

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

Y. Upcoming Pronouncements: (Continued)

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

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

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

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

Y. Upcoming Pronouncements: (Continued)

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

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

Note 2—Deposits and Investments:

Deposits

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

Investments

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

Custodial Credit Risk (Investments)

The City's investment policy provides that securities purchased for the City shall be held by the City Treasury or by the Treasurer's custodian. If held by a custodian, the securities must be in the City's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the City. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller) to the transaction. At June 30, 2015 all of the City's investments were held in accordance with this policy.

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The City's investment policy is to follow the legal limits set forth in the Code of Virginia, 2.2-45, Investment of Public Funds Act, which describes the types of investments permitted. The City has not established credit risk limits for each category of investment; however, the City has an emphasis on high credit quality and known marketability. The City has contracted with investment advisors to ensure compliance. The City's rated debt investments as of June 30, 2015 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

City's Rated Debt Investment Values

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

Interest Rate Risk

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

		Investment Maturities (in years)			
Investment Type	Fair Value	<1 Year	1-5 Years	6-10 Years	Greater than 10 Years
Primary Government:					
Local Government Investment Pool	$ 299,525	$ 299,525	$ -	$ -	$ -
Virginia State Non-Arbitrage Program (SNAP)	15,550,276	15,550,276	-	-	-
U.S. Savings Bonds	2,000	-	-	-	2,000
Fixed income	607,799	-	607,799	-	-
U.S. Agency Securities	697,667	-	697,667	-	-
Total Primary Government investments	$ 17,157,267	$ 15,849,801	$ 1,305,466	$ -	$ 2,000

Note 2—Deposits and Investments: (Continued)

External Investment Pools

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

Foreign Currency Risk

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

Concentration of Credit Risk

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

Note 3—Due From Other Governmental Units:

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

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

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

Individual fund and interfund receivable and payable balances related to working capital loans at June 30, 2015 are presented below:

Fund	Due from Other Funds/ Component Unit	Due to Other Funds/ Component Unit
Interfund Balances:		
General	$ 9,148,704	$ -
Capital projects	279,781	-
Enterprise:		
Public Utility	-	672,676
Mass Transit	-	6,480,355
Golf Course	-	2,025,383
Non-major funds:		
Blandford Cemetery Perpetual Care	-	250,071
Total	$ 9,428,485	$ 9,428,485
Reporting Entity:		
Primary Government - General Fund	$ -	$ 707,477
Primary Government - Capital Projects Fund	-	3,070,486
School Board	3,777,963	-
Total	$ 3,777,963	$ 3,777,963

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

Interfund Transfers

Interfund transfers for the year ended June 30, 2015, consisted of the following:

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

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

Note 5—Inventory:

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

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

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

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

Note 6—Capital Assets:

Primary Government:

The following is a summary of changes in governmental capital assets for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 6,046,998	$ -	$ -	$ 6,046,998
Construction in progress - city projects	477,310	572,774	111,668	938,416
Construction in progress - school projects	999,826	499,895	1,200,755	298,966
Total capital assets not being depreciated	$ 7,524,134	$ 1,072,669	$ 1,312,423	$ 7,284,380
Capital assets being depreciated:				
Buildings and improvements	$ 74,175,589	$ 1,111,494	$ -	$ 75,287,083
Infrastructure	107,423,187	-	-	107,423,187
Vehicles	11,828,829	698,895	-	12,527,724
Equipment (other than vehicles)	11,664,156	406,635	-	12,070,791
Total capital assets being depreciated	$ 205,091,761	$ 2,217,024	$ -	$ 207,308,785
Accumulated depreciation:				
Buildings and improvements	$ 40,757,027	$ 1,625,732	$ -	$ 42,382,759
Infrastructure	94,734,706	446,547	-	95,181,253
Vehicles	9,939,217	529,670	-	10,468,887
Equipment (other than vehicles)	8,795,088	1,040,444	-	9,835,532
Total accumulated depreciation	$ 154,226,038	$ 3,642,393	$ -	$ 157,868,431
Total capital assets being depreciated, net	$ 50,865,723	$ (1,425,369)	$ -	$ 49,440,354
Governmental Activities capital assets, net	$ 58,389,857	$ (352,700)	$ 1,312,423	$ 56,724,734

Reconciliation of primary government net position net investment in capital assets:		
Net capital assets		$ 56,724,734
Long-term debt applicable to capital assets:		
General obligation bonds	$ 33,873,564	
School Literary Fund loan	2,600,000	
School Qualified Zone Academy Bonds (SQZAB's)	8,795,695	
Cash deposited in School Qualified Zone Academy Bonds Funds	(4,314,400)	
Premium on bonds payable	789,515	
Note payable	694,935	
Capital lease	1,910,695	44,350,004
Less-debt proceeds received but not expended on capital assets at year end		(8,521,676)
Net long-term debt, as adjusted		$ 35,828,328
Net investment in capital assets		$ 20,896,406

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a summary of changes in Public Utility Fund capital assets for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Business-type Activities:				
Public Utility Fund:				
Capital assets, not being depreciated:				
Land	$ 173,898	$ -	$ -	$ 173,898
Construction in progress	4,256,404	1,002,999	5,259,403	-
Total capital assets not being depreciated	$ 4,430,302	$ 1,002,999	$ 5,259,403	$ 173,898
Capital assets being depreciated:				
Utility plant in service	$ 30,072,949	$ 5,259,403	$ -	$ 35,332,352
Water capacity rights	4,420,000	-	-	4,420,000
Vehicles	1,143,953	-	-	1,143,953
Equipment and machinery	1,306,967	54,822	-	1,361,789
Total capital assets being depreciated	$ 36,943,869	$ 5,314,225	$ -	$ 42,258,094
Accumulated depreciation:				
Utility plant in service	$ 15,053,294	$ 888,332	$ -	$ 15,941,626
Water capacity rights	1,989,000	110,500	-	2,099,500
Vehicles	1,051,653	34,446	-	1,086,099
Equipment and machinery	1,136,265	48,903	-	1,185,168
Total accumulated depreciation	$ 19,230,212	$ 1,082,181	$ -	$ 20,312,393
Total capital assets being depreciated, net	$ 17,713,657	$ 4,232,044	$ -	$ 21,945,701
Public Utility Fund capital assets, net	$ 22,143,959	$ 5,235,043	$ 5,259,403	$ 22,119,599

Reconciliation of Public Utility Fund net position net investment in capital		
Net capital assets		$ 22,119,599
Long-term debt applicable to capital assets:		
General obligation bonds	$ 8,356,540	
Premium on bonds issued	662,461	
Capital lease	5,259,403	14,278,404
Less-debt proceeds received but not expended on capital assets at year end		(7,453,204)
Net long-term debt, as adjusted		$ 6,825,200
Net investment in capital assets		$ 15,294,399

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a summary of changes in Mass Transit Fund capital assets for the fiscal year ended June 30, 2015:

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

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a summary of changes in Golf Course Fund capital assets for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Business-type Activities:				
Golf Course				
Capital assets, not being depreciated:				
Land	$ 3,383,047	$ -	$ -	$ 3,383,047
Construction in progress	51,050	717,723	-	768,773
Total capital assets not being depreciated	$ 3,434,097	$ 717,723	$ -	$ 4,151,820
Capital assets being depreciated:				
Land improvements	$ 1,040,599	$ -	$ -	$ 1,040,599
Buildings and improvements	56,000	-	-	56,000
Total capital assets being depreciated	$ 1,096,599	$ -	$ -	$ 1,096,599
Accumulated depreciation:				
Land improvements	$ 407,897	$ 69,106	$ -	$ 477,003
Buildings and improvements	5,600	2,800	-	8,400
Total accumulated depreciation	$ 413,497	$ 71,906	$ -	$ 485,403
Total capital assets being depreciated, net	$ 683,102	$ (71,906)	$ -	$ 611,196
Golf Course Fund capital assets, net	$ 4,117,199	$ 645,817	$ -	$ 4,763,016

Reconciliation of Golf Course Fund net position net investment in capital assets:		
Net capital assets		$ 4,763,016
Long-term debt applicable to capital assets:		
General obligation bonds	$ 4,293,831	
Capital lease	17,358	4,311,189
Net long-term debt, as adjusted		$ 4,311,189
Net investment in capital assets		$ 451,827

Total Business-type Activities capital assets, net	$ 50,287,835	$ 5,379,694	$ 5,259,403	$ 50,408,126

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

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

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

Note 7—Long-Term Obligations:

Primary Government

Governmental Activities

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

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

Reconcilation to Exhibit 1:	
Long-term liabilities due within one year:	$ 4,602,314
Long-term liabilities due in more than one year:	67,080,937
Total long-term obligations	$ 71,683,251

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

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

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

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

Primary Government: (Continued)

Governmental Activities: (Continued)

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

Original Amount	Description	Outstanding Amount at June 30, 2015
	General Obligation Bonds:	
$ 396,000	Series 2010 general obligation bonds due in semi-annual installments of $13,401 through October 2031, interest at 2.93%	$ 348,052
2,686,689	Series 2010 general obligation refunding bonds due various semi-annual installments of principal and interest through December 2017, interest at 2.45% ($2,689,689 of original issue allocated to governmental; $878,311 allocated to proprietary)	1,115,283
6,155,000	Series 2004 refunding general obligation bonds due in annual installments of $75,000 to $620,000 through July 2019, interest at 2.5% to 4.125%	280,000
4,368,000	Series 2012A taxable general obligation refunding bond due in various annual installments of $15,000 to $1,179,000 through July 15, 2022, interest at 3.24% ($2,501,000 of original issue allocated to governmental; $1,867,000 to business-type)	3,726,060
7,360,000	Series 2009A general obligation bonds due in various annual installments through 2040, interest at various rates ($7,360,000 of original issue allocated to governmental; $4,000,000 to business-type)	6,752,662
7,285,000	Qualified School Construction Bonds issued November 13, 2009, due in various annual installments ranging from $135,000 to $515,000 through February 15, 2040 interest free as a federal tax credit is provided to bondholders	6,475,000
5,000,000	Series 2013B taxable general obligation and refunding bond due in various annual installments through April 2028, interest at 3.87%	5,000,000
1,530,000	Qualified School Construction Bonds issued December 1, 2011, due in various annual installments ranging from $52,000 to $122,700 through December 1, 2030 interest free as a federal tax credit is provided to bondholders	1,478,000
5,440,000	Series 2014 VRA general obligation bonds due in various annual installments through 2035, interest at 3.398144% ($5,292,000 of original issue allocated to governmental; $148,000 to business-type)	5,292,000
2,330,000	Series 2013 general obligation bonds due in various annual installments through 2034, interest at various rates ($2,330,000 of original issue allocated to governmental; $490,000 to business-type)	2,251,507
1,275,000	VML / VACO Recovery Act Bonds issued November 13, 2009, due in various annual installments ranging from $30,000 to $70,000 through March 15, 2040	1,155,000
	Total general obligation bonds	$ 33,873,564

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2015
	State Literary Fund Loans:	
$ 7,500,000	State Literary Fund Loan issued December 13, 1999, due in annual installments of $375,000 through December 15, 2021, interest at 2%	$ 2,250,000
1,000,000	State Literary Fund Loan issued March 15, 2002, due in annual installments of $50,000 through March 15, 2022 interest at 2%	350,000
	Total State Literary Fund Loans	$ 2,600,000
	Qualified Zone Academy Bonds:	
1,400,000	(1) Series 2001 issued December 14, 2001, due in annual installments of $70,000 through December 15, 2014, final payment of $204,750 due December 15, 2015	$ 1,400,000
600,000	(2) Series 2002 issued December 27, 2002, due in annual installments of $34,124 through December 15, 2016	600,000
2,142,167	(3) Series 2003 issued December 29, 2003, due in annual installments of $107,700 through December 29, 2017, final payment of $182,500 due December 29, 2018	2,142,167
1,536,671	(4) Series 2004 issued December 30, 2004, due in annual installments of $78,329 through December 30, 2019, final payment of $153,667 due December 30, 2020	1,536,671
1,116,857	(5) Series 2006 issued October 31, 2006, due in annual installments of $54,300 through October 31, 2022, final payment of $111,686 due October 31, 2022	1,116,857
2,000,000	(6) Series 2014 issued October 14, 2014, due in various annual installments through December 1, 2024, final payment of $215,000 due December 1, 2024	2,000,000
	Total Qualified Zone Academy Bonds	$ 8,795,695

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

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

(1) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 3.79% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of $1,400,000.

(2) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 3.40% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of $600,000.

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

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

(5) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 2.57% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of $1,116,857.

(6) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 2.93% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of $2,000,000.

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Business-type Activities

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

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

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

Original Amount	Description	Outstanding Amount at June 30, 2015
	Public Utility Fund:	
	General Obligation Bonds:	
$ 7,380,000	Series 2015A general obligation bonds due in various semi-annual installments of principal and interest through April 2041, interest at 3.79%	$ 7,380,000
878,311	Series 2010 general obligation refunding bonds due in various semi-annual installments of principal and interest through December 2017, interest at 2.45% ($3,686,689 allocated to governmental; $878,311 allocated to business-type)	364,599
4,368,000	Series 2012A taxable general obligation refunding bond due in various annual installments of $15,000 to $1,179,000 through July 15, 2022, interest at 3.24% ($2,501,000 of original issue allocated to governmental; $1,867,000 to business-type)	611,941
	Total general obligation bonds	$ 8,356,540
	Capital Leases	5,259,403
	Bond premium	662,461
	Net pension liability	874,983
	Compensated absences	65,723
	Total Public Utility Fund	$ 15,219,110
	Mass Transit Fund:	
	Net pension liability	$ 718,408
	Compensated absences	78,544
	Total Mass Transit Fund	$ 796,952
	Golf Course Fund:	
	General Obligation Bonds:	
4,000,000	Series 2009A general obligation bonds due in various annual installments through 2040, interest at various rates ($7,360,000 of original issue allocated to governmental; $4,000,000 to business-type)	$ 3,672,338
5,440,000	Series 2014 VRA general obligation bonds due in various annual installments through 2035, interest at 3.3981% ($5,292,000 of original issue allocated to governmental; $148,000 to business-type)	148,000
490,000	Series 2013 general obligation bonds due in various annual installments through 2034, interest at various rates ($2,330,000 of original issue allocated to governmental; $490,000 to business-type)	473,493
	Total general obligation bonds	$ 4,293,831
	Capital Leases	17,358
	Net pension liability	33,595
	Compensated absences	27,845
	Total Golf Course Fund	$ 4,372,629
	Total business-type activities	$ 20,388,691

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	Governmental Activities	Business-type Activities	Total
Capital Leases:			
$331,200 issued December 1, 2010 for the purchase of twelve Ford Crown Vic for Police Interceptors for the Police Department; payable in monthly installments of $5,973 through December 2015; interest at 3.15%	$ 29,672	$ -	$ 29,672
$103,578 issued September 11, 2013 for the purchase of three Ford vehicles and four snow plows and other equipment; payable in semi-annual installments of $10,901 through September, 2018; interest at 1.88%	73,515	-	73,515
$115,452 issued April 9, 2014 for the purchase of four Ford F350 trucks; payable in semi-annual installments of $12,115 through October, 2018; interest at 1.77%	81,879	-	81,879
$607,751 issued April 27, 2009 for the purchase of a HVAC replacement system; payable in monthly installments of $8,653 through April, 2016; interest at 5.90%	84,494	-	84,494
$485,948 issued July 21, 2014 for the purchase of 2014 Firetruck; payable in semi-annual installments of $51,252 through July 21, 2019; interest at 1.96%	439,459	-	439,459
$220,000 issued December 15, 2011 for the purchase of voting machine equipment; vehicle, and club house payable in monthly installments of $3,948 through December, 2016; interest at 2.95%	40,923	17,358	58,281
$265,738 issued May 7, 2013, for the purchase of eleven Dodge chargers; payable in semi-annual installments of $27,750 beginning November 7, 2013 through May 7, 2018; interest at 1.59%	161,961	-	161,961
$765,009 issued June 28, 2013, for the purchase of six school buses, two GMC Savanas, and six Ford trucks; payable in semi-annual installments of $80,295 beginning June 28, 2013 through June 28, 2018; interest at 1.78%	467,114	-	467,114

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

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

Business-type Activities

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

Note 8—Unearned/Deferred/Unavailable Revenue:

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

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

Note 9—Commitments and Contingencies:

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

Note 10—Risk Management:

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

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

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

Note 11—Litigation:

At June 30, 2015, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

Note 12—Pension Plan:

Plan Description

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

Note 12—Pension Plan:

Plan Description: (Continued)

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 12—Pension Plan: (Continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
		• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

Note 12—Pension Plan: (Continued)

Plan Description (continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contributions Component:** (Cont.) Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1

Note 12—Pension Plan: (Continued)

Plan Description (continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **Defined Contribution Component:** Not applicable.

Note 12—Pension Plan: (Continued)

Employees Covered by Benefit Terms

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

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

Contributions

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

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

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

Net Pension Liability

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

Actuarial Assumptions - General Employees

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

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-LEOS:

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

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Long-Term Expected Rate of Return

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

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

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

Note 12—Pension Plan: (Continued)

Discount Rate

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

Changes in Net Pension Liability

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

Note 12—Pension Plan: (Continued)

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

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

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

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

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

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

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

Year ended June 30	
2016	$ (2,210,280)
2017	(2,210,280)
2018	(2,210,280)
2019	(2,210,278)
Thereafter	-

Note 13—Landfill Closure and Postclosure Care Costs:

The City entered into a purchase and sale agreement dated August 31, 2009 in which the City's property including the sanitary landfill currently operating under Virginia Solid Waste Facility Permit No. 228 was sold to an independent contractor. In addition the City and independent contractor entered into a Financial Assurance and Indemnity Agreement dated April 2011. The contractor, upon taking possession of the Landfill, has obtained a Permit from DEQ to operate the facility and pursuant to the agreement assumed all liabilities and duties for compliance with applicable laws and regulations, with the Permit and with all subsequent amendments to include maintenance of financial assurance, monitoring, corrective action, closure, and post-closure care as of January 1, 2014. As a result of these courses of actions the City's liability for closure and post-closure care was removed from the City's long-term obligations.

Note 14—Expenditures and Appropriations:

Expenditures exceeded appropriations at June 30, 2015 as follows:

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

Note 15—Other Postemployment Benefits–Health Insurance:

A. Plan Description

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

B. Funding Policy

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

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

C. Annual OPEB Cost and Net OPEB Obligation

In accordance with GASB Statement No. 45, an actuarial study was performed calculating the postemployment healthcare costs as of June 30, 2015. The actuarial valuation estimated the Unfunded Actuarial Accrued Liability ("UAAL") at $3,008,000 and an Annual Required Contribution ("ARC") of $207,000. The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The City paid $204,000 towards the estimated pay as you go cost for OPEB benefits in fiscal year 2015.The City elected to pre-fund OPEB liabilities. The City is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB Cost

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ending June 30, 2015, 2014 and 2013 are as follows:

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

For 2015, the City's cash payments of $204,000 was less than the annual OPEB costs. The City's annual OPEB cost, the contributions made, and the increase in net OPEB obligation as well as the net OPEB obligation for 2015 is as follows:

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

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

D. Funded Status and Funding Progress

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

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

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

E. Actuarial Methods and Assumptions

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

Cost Method

In the June 30, 2015 (most recent) actuarial valuation report, the entry age actuarial cost method was used. The actuarial assumptions included a 8.50 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after ten years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015 was thirty years.

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

E. Actuarial Methods and Assumptions

Interest Assumptions

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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CITY OF PETERSBURG, VIRGINIA

Exhibit 11

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

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

CITY OF PETERSBURG, VIRGINIA

Exhibit 12

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

Year Ended June 30, 2015

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

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

Schedule of Employer Contributions
Year Ended June 30, 2015

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

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

CITY OF PETERSBURG VIRGINIA

Exhibit 14

Schedule of OPEB Funding Progress

Last Three Fiscal Years

Other Post Employment Benefits

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

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

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

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

Largest 10 - LEOS:
- Update mortality table
- Decrease in male rates of disability

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

All Others (Non 10 Largest) - LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

CITY OF PETERSBURG, VIRGINIA

Exhibit 16

Nonmajor Governmental Funds
Combining Balance Sheet
At June 30, 2015

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

CITY OF PETERSBURG, VIRGINIA

Exhibit 17

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

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

CITY OF PETERSBURG, VIRGINIA

Nonmajor Governmental Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Funds
Year Ended June 30, 2015

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

Community Development Act Fund

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

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CITY OF PETERSBURG, VIRGINIA

Exhibit 19

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

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

CITY OF PETERSBURG, VIRGINIA

Exhibit 20

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

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

Supporting Schedules

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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CITY OF PETERSBURG, VIRGINIA

Statistical Tables

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

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF PETERSBURG, VIRGINIA

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

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

Table 1

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

CITY OF PETERSBURG, VIRGINIA

Table 2
Page 1 of 2

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

	2006	2007	2008	2009	2010	2010	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government administration	$ 3,601,990	$ 3,678,612	$ 4,409,342	$ 4,476,479	$ 3,953,282	$ 3,953,282	$ 4,689,240	$ 5,024,964	$ 6,124,429	$ 7,085,421
Judicial administration	1,741,756	2,060,239	2,209,742	2,384,990	2,170,832	2,170,832	2,166,314	2,329,886	2,409,720	2,392,925
Public safety	23,288,625	24,641,604	26,424,002	28,266,556	29,031,529	29,031,529	31,073,384	29,534,876	27,624,108	26,840,786
Public works	12,827,885	14,099,461	12,120,847	14,737,685	13,225,076	13,225,076	15,391,709	13,624,539	12,902,451	12,992,788
Health and welfare	13,997,163	14,564,276	16,441,259	15,835,032	14,887,566	14,887,566	13,193,886	12,472,778	13,358,082	13,703,670
Education	9,266,725	9,204,061	9,461,387	10,789,591	11,160,050	11,160,050	9,157,346	11,476,574	10,289,525	12,048,813
Parks, recreation, and cultural	2,935,100	2,685,776	3,862,492	2,453,245	2,443,712	2,443,712	2,547,419	7,557,488	2,819,867	2,445,593
Community development	2,887,401	2,727,241	2,206,472	2,238,970	3,607,676	3,607,676	3,304,525	3,277,237	3,855,151	6,152,338
Interest and other fiscal charges	1,646,992	1,327,726	1,187,375	1,186,876	1,590,337	1,590,337	1,127,482	1,228,991	1,016,546	1,541,463
Total governmental activities expenses	$ 72,193,637	$ 74,988,996	$ 78,322,918	$ 82,369,424	$ 82,070,060	$ 82,070,060	$ 82,651,305	$ 86,527,333	$ 80,399,879	$ 85,203,797
Business-type activities:										
Public Utility	$ 7,262,502	$ 7,273,942	$ 8,393,991	$ 8,514,037	$ 9,127,023	$ 9,127,023	$ 9,292,960	$ 9,490,563	$ 9,095,733	$ 10,141,929
Mass transit	2,329,232	2,923,692	3,021,131	2,919,251	3,545,881	3,545,881	4,442,057	4,233,740	4,343,710	4,429,192
Golf Course	-	-	622,377	1,176,452	1,182,589	1,182,589	1,151,540	1,110,021	1,203,286	1,256,939
Total business-type activities expenses	$ 9,591,734	$ 10,197,634	$ 12,037,499	$ 12,609,740	$ 13,855,493	$ 13,855,493	$ 14,886,557	$ 14,834,324	$ 14,642,729	$ 15,828,060
Total primary government expenses	$ 81,785,371	$ 85,186,630	$ 90,360,417	$ 94,979,164	$ 95,925,553	$ 95,925,553	$ 97,537,862	$ 101,361,657	$ 95,042,608	$ 101,031,857
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	$ -	$ 191,183	$ -	$ 15,442	$ -	$ -	$ -	$ 350,714	$ 228,416	$ 177,548
Judicial administration	724,635	899,881	1,112,344	562,801	860,011	860,011	1,000,340	615,372	680,649	562,613
Public safety	188,472	768,688	967,272	799,041	461,872	461,872	619,311	461,406	536,074	723,770
Public works	2,471,783	1,859,992	2,116,599	2,068,003	1,878,941	1,878,941	1,581,645	2,126,662	3,042,325	3,155,209
Health and welfare	-	-	-	-	-	-	-	-	6,665	-
Parks, recreation, and cultural	140,732	173,847	131,968	176,435	101,789	101,789	82,202	98,246	80,473	144,757
Community development	4,000	-	188,335	1,347	32,105	32,105	35,081	307,123	209,969	473,614
Operating grants and contributions:										
General government administration	324,298	351,357	373,318	344,481	302,633	302,633	305,189	291,559	305,503	299,039
Judicial administration	1,202,683	1,159,862	1,209,709	1,292,166	964,332	964,332	993,434	962,643	1,051,708	1,183,964
Public safety	6,908,857	8,262,300	8,763,661	7,490,017	8,143,893	8,143,893	7,504,260	7,096,135	7,682,641	7,280,645
Public works	6,248,403	4,299,951	4,468,129	4,620,981	4,565,451	4,565,451	4,907,577	5,001,123	5,167,493	5,400,118
Health and welfare	10,823,880	10,894,743	11,737,712	11,693,590	11,128,359	11,128,359	9,757,395	8,845,264	9,667,570	9,704,194
Education	-	317,452	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	152,763	-	602,572	189,700	195,188	195,188	141,719	274,093	145,774	145,622
Community development	1,119,911	220,249	392,080	748,388	534,970	534,970	505,493	1,081,150	850,812	444,873
Capital grants and contributions:										
Public works	-	1,075,000	3,070,207	1,311,316	2,082,199	2,082,199	763,981	1,014,283	6,312,018	3,154
Education	-	-	-	4,430,000	3,000,000	3,000,000	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	90,000	90,000	-	-	-	-
Community development	639,704	1,847,112	-	500,000	-	-	-	-	19,920	-
Total governmental activities program revenues	$ 30,950,121	$ 32,321,617	$ 35,133,906	$ 36,239,708	$ 34,341,743	$ 34,341,743	$ 28,197,627	$ 28,524,773	$ 35,988,010	$ 29,699,120

CITY OF PETERSBURG, VIRGINIA

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

	2006	2007	2008	2009	2010	2010	2012	2013	2014	2015
Program revenues: (Continued)										
Business-type activities:										
Charges for services:										
Public Utility	$ 6,263,961	$ 6,540,056	$ 7,037,608	$ 7,123,929	$ 9,419,189	$ 9,419,189	$ 9,539,367	$ 9,130,177	$ 9,107,233	$ 8,758,140
Mass Transit	432,432	453,045	512,960	437,138	413,822	413,822	474,125	536,463	528,470	579,124
Golf course	-	-	188,080	565,943	599,448	599,448	683,792	709,000	701,000	694,111
Operating grants and contributions:										
Mass Transit	831,372	1,209,175	1,415,667	1,751,172	971,920	971,920	1,089,908	1,403,671	1,768,821	3,144,068
Capital grants and contributions										
Public Utility	-	420,558	2,210,427	1,597,206	-	-	558,422	-	-	-
Mass Transit	1,054,570	2,121,811	7,360,969	9,396,245	2,315,371	2,315,371	1,156,832	376,333	2,003,498	158,355
Total business-type activities program revenues	$ 8,582,335	$ 10,744,645	$ 18,725,711	$ 20,871,633	$ 13,719,750	$ 13,719,750	$ 13,502,446	$ 12,155,644	$ 14,109,022	$ 13,333,798
Total primary government program revenues	$ 39,532,456	$ 43,066,262	$ 53,859,617	$ 57,111,341	$ 48,061,493	$ 48,061,493	$ 41,700,073	$ 40,680,417	$ 50,097,032	$ 43,032,918
Net (expense) / revenue										
Governmental activities	$ (41,243,516)	$ (42,667,379)	$ (43,189,012)	$ (46,129,714)	$ (47,728,317)	$ (47,728,317)	$ (54,453,678)	$ (58,002,560)	$ (44,411,869)	$ (55,504,677)
Business-type activities	(1,009,399)	547,011	6,688,212	8,261,893	(135,743)	(135,743)	(1,384,111)	(2,678,680)	(533,707)	(2,494,262)
Total primary government net expense	$ (42,252,915)	$ (42,120,368)	$ (36,500,800)	$ (37,867,821)	$ (47,864,060)	$ (47,864,060)	$ (55,837,789)	$ (60,681,240)	$ (44,945,576)	$ (57,998,939)
General Revenues and Other Change in Net Position										
Governmental activities:										
General property taxes	$ 24,990,058	$ 26,502,531	$ 28,860,512	$ 33,090,055	$ 35,991,155	$ 35,991,155	$ 34,093,970	$ 33,726,929	$ 34,394,416	$ 33,418,636
Local sales and use taxes	3,827,026	3,815,937	3,995,564	3,796,848	3,396,411	3,396,411	3,755,828	3,738,656	3,530,101	3,715,835
Consumer utility taxes	3,130,198	2,493,943	1,578,832	1,778,414	1,678,216	1,678,216	1,658,993	1,761,728	1,638,787	1,715,224
Business license taxes	2,926,116	3,029,257	2,747,595	3,144,714	2,553,424	2,553,424	2,931,183	2,876,387	2,727,728	2,797,490
Motor Vehicle license taxes	598,616	593,977	595,329	533,365	491,904	491,904	511,083	502,714	487,391	420,192
Lodging taxes	301,209	428,595	470,393	435,520	375,201	375,201	294,194	273,899	268,575	256,522
Meals tax	1,201,759	1,286,205	1,459,964	1,316,975	1,361,103	1,361,103	1,559,147	2,211,886	2,423,433	2,571,793
Other local taxes	925,888	1,147,339	839,751	561,595	664,274	664,274	571,077	566,682	618,970	602,467
Unrestricted revenues from use of money and property	506,158	477,504	507,218	371,424	367,179	367,179	383,397	397,947	487,382	231,452
Miscellaneous	910,762	218,764	114,854	2,224,312	348,002	348,002	472,304	1,285,606	861,739	1,104,557
Grants and contributions not restricted to specific programs	3,619,058	3,851,888	5,079,475	4,417,059	4,867,141	4,867,141	4,761,896	4,835,521	4,936,135	4,828,315
Gain/(Loss) on sale of assets	-	212,697	(66,671)	-	-	-	-	-	-	-
Transfers (net)	(1,516,969)	(644,531)	-	109,928	(143,830)	(143,830)	(499,618)	(802,736)	(878,560)	-
Total governmental activities	$ 41,419,879	$ 43,414,106	$ 46,182,816	$ 51,780,209	$ 51,950,180	$ 51,950,180	$ 50,493,454	$ 51,375,219	$ 51,496,097	$ 51,662,483
Business-type activities:										
Unrestricted revenues from use of money and property	$ -	$ -	$ 50,284	$ -	$ 163,271	$ 163,271	$ -	$ 6,051	$ 1,335	$ 1,181
Miscellaneous	-	-	-	286,799	-	-	-	-	-	-
Transfers	1,516,969	644,531	-	(109,928)	143,830	143,830	499,618	802,736	878,560	-
Total business-type activities	$ 1,516,969	$ 644,531	$ 50,284	$ 176,871	$ 307,101	$ 307,101	$ 499,618	$ 808,787	$ 879,895	$ 1,181
Total primary government	$ 42,936,848	$ 44,058,637	$ 46,233,100	$ 51,957,080	$ 52,257,281	$ 52,257,281	$ 50,993,072	$ 52,184,006	$ 52,375,992	$ 51,663,664
Change in Net Position										
Governmental activities	$ 176,363	$ 746,727	$ 2,993,804	$ 5,650,495	$ 4,221,863	$ 4,221,863	$ (3,960,224)	$ (6,627,341)	$ 7,084,228	$ (3,842,194)
Business-type activities	507,570	1,191,542	6,738,496	8,438,764	171,358	171,358	(884,493)	(1,869,893)	346,188	(2,493,081)
Total primary government	$ 683,933	$ 1,938,269	$ 9,732,300	$ 14,089,259	$ 4,393,221	$ 4,393,221	$ (4,844,717)	$ (8,497,234)	$ 7,430,416	$ (6,335,275)

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

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
2006	$ 24,990,058	$ 3,827,026	$ 3,130,198	$ 2,926,116	$ 598,616	$ 301,209	$ 1,201,759	$ 925,888	$ 37,900,870
2007	26,502,531	3,815,937	2,493,943	3,029,257	593,977	428,595	1,286,205	1,147,339	39,297,784
2008	28,860,512	3,995,564	1,578,832	2,747,595	595,329	470,393	1,459,964	839,751	40,547,940
2009	33,090,055	3,796,848	1,778,414	3,144,714	533,365	435,520	1,316,975	561,595	44,657,486
2010	35,991,155	3,396,411	1,678,216	2,553,424	491,904	375,201	1,361,103	664,273	46,511,687
2011	34,691,569	3,667,579	1,691,546	2,489,284	493,869	340,894	1,376,528	627,076	45,378,345
2012	34,093,970	3,755,828	1,658,993	2,931,183	511,083	294,194	1,559,147	571,077	45,375,475
2013	33,726,929	3,738,656	1,761,728	2,876,387	502,714	273,899	2,211,886	566,682	45,658,881
2014	34,394,416	3,530,101	1,638,787	2,727,728	487,391	268,575	2,423,433	618,970	46,089,401
2015	33,418,636	3,715,835	1,715,224	2,797,490	420,192	256,522	2,571,793	602,467	45,498,159

CITY OF PETERSBURG, VIRGINIA

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

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

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

Table 4

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

CITY OF PETERSBURG, VIRGINIA

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

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

Table 5

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

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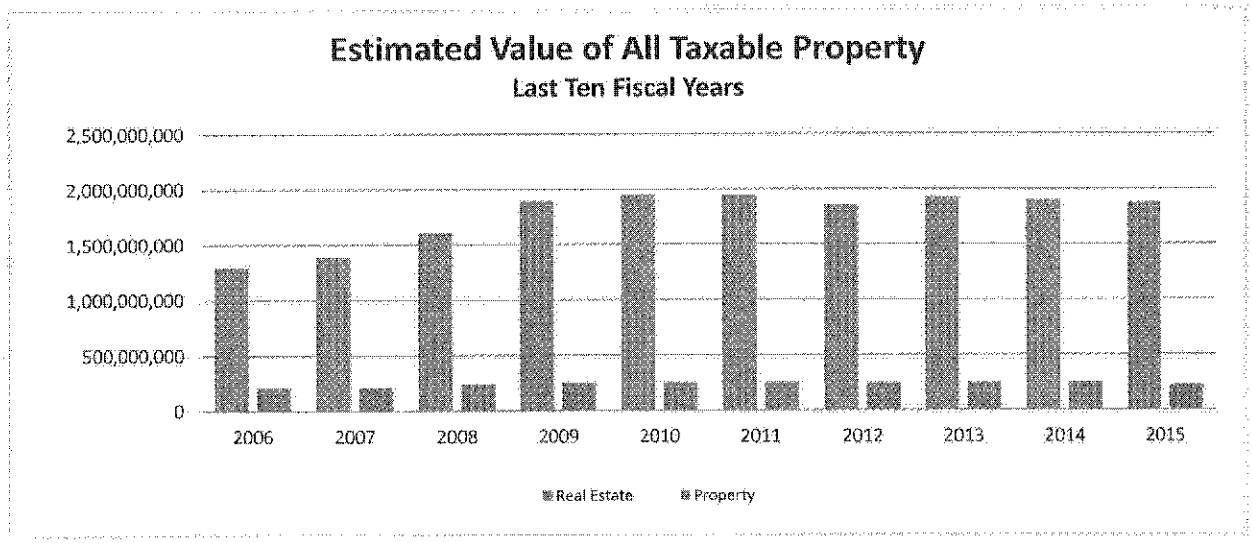
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
2006	$ 24,706,331	$ 3,827,026	$ 3,130,198	$ 2,926,116	$ 598,616	$ 301,209	$ 1,201,759	$ 925,888	$ 37,617,143
2007	26,546,575	3,815,937	2,493,943	3,029,257	593,977	428,595	1,286,205	1,147,339	39,341,828
2008	28,104,541	3,995,564	1,578,832	2,747,595	595,329	470,393	1,459,964	839,751	39,791,969
2009	32,299,130	3,796,848	1,778,414	3,144,714	533,365	435,520	1,316,975	561,596	43,866,562
2010	34,703,935	3,396,411	1,678,216	2,553,424	491,904	375,201	1,361,103	664,274	47,149,702
2011	34,039,946	3,667,579	1,691,546	2,489,284	493,869	340,894	1,376,528	627,076	46,642,431
2012	33,388,519	3,755,828	1,658,993	2,931,183	511,083	294,194	1,559,147	571,077	44,670,024
2013	33,787,723	3,738,656	1,761,728	2,876,387	502,714	273,899	2,211,886	566,682	45,719,675
2014	33,299,800	3,530,101	1,638,787	2,727,728	487,391	268,575	2,423,433	618,970	44,994,785
2015	32,558,767	3,715,835	1,715,224	2,797,490	420,192	256,522	2,571,793	602,467	44,638,290

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

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

Source: Commissioner of the Revenue



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

Property Tax Rates
Last Ten Fiscal Years

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

Source - Commissioner of the Revenue

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

CITY OF PETERSBURG, VIRGINIA

Principal Business Taxpayers
Current Year and Nine Years Ago

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

Source: Commissioner of the Revenue

Table 9

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

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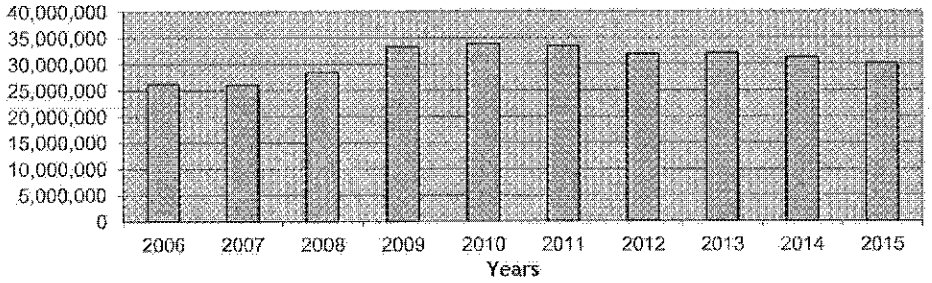
Property Tax Levies and Collections
Last Ten Fiscal Years

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

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.



CITY OF PETERSBURG, VIRGINIA

Ratios of Outstanding Obligations by Type
Last Ten Fiscal Years

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

(1) Table 15
(2) United States Department of Commerce, Economic and Statistics Administration, Bureau of Economic Analysis (Dinwiddie + Colonial Heights + Petersburg)
(3) General Bond Debt
N/A - Data not available

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

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

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

(1) United States Census

(2) From Table 7

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

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

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

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

The City of Petersburg has no overlapping debt.

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

CITY OF PETERSBURG, VIRGINIA

Table 14

Revenue Coverage
Last Ten Fiscal Years

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

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

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

CITY OF PETERSBURG, VIRGINIA

Table 15

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

Demographic Statistics

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

Census Statistics

	Population				
	Age Distribution				
	Under 18	18 & over	Total	Per Capita Income	Median Household Income
1960	13,013	23,737	36,750	$ 1,469	$ 5,510
1970	12,548	23,555	36,103	2,544	7,815
1980	11,432	26,623	38,055	7,490	13,940
1990	8,938	29,447	38,385	10,547	21,309
2000	8,469	25,271	33,740	15,989	28,851
2010	6,711	25,709	32,420	19,142	36,449

(1) Weldon Cooper Center for Public Service.

Major Private Employers
Fiscal Year Ended June 30, 2015

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

Source: Individual City departments

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

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

Data for the previous ninth year is unavailable at publication.

CITY OF PETERSBURG, VIRGINIA

Table 17

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

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

Source: Human Resources and School Board

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

CITY OF PETERSBURG, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years

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

n/a = not available at publication

Source: Individual City departments

Table 18

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

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire protection:										
Number of stations	4	4	4	4	4	4	4	4	3	3
Public works:										
Streets and sidewalks:										
Streets - primary - miles	107	107	107	107	107	107	107	107	107	107
Streets - secondary - miles	281	281	281	281	281	281	281	281	281	281
Sidewalks - miles	72	72	72	72	72	72	72	72	72	72
Street lights	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,335	3,335
Traffic signals:										
Signalized intersections	57	57	57	57	57	57	58	58	62	62
Lights	1,430	1,430	1,430	1,430	1,430	1,430	1,450	1,450	1,450	1,450
Heads	467	467	467	467	467	467	464	464	464	464
Curbs	39	39	39	39	39	39	39	39	39	39
School signals (flashing lights)	11	11	11	11	11	11	18	18	18	18
Other signals (flashing lights)	4	4	4	4	4	4	7	7	7	7
Caution flashing lights	17	17	17	17	17	17	14	14	14	14
Pedestrian signals	54	54	54	54	54	54	112	112	112	112
Sewers:										
Storm - miles	19	19	19	19	19	19	19	19	19	19
Sanitary - miles	191	191	191	191	191	191	211	211	211	211
Public Utilities:										
Water mains - miles	254	254	254	254	254	254	275	275	275	275
Number of hydrants	1,230	1,230	1,230	1,230	1,230	1,230	1,378	1,378	1,378	1,378
Ground level water storage tanks:										
5.6 million gallons	1	1	1	1	1	1	1	1	1	1
1.3 million gallons	1	1	1	1	1	1	1	1	1	1
1.9 million gallons	1	1	1	1	1	1	1	1	1	1
Elevated water storage tanks:										
.5 million gallons	1	1	1	1	1	1	1	1	1	1
1.0 million gallons	2	2	2	2	2	2	2	2	2	2
Culture and recreation										
Parks and recreation:										
Fishing and picnic area (350 acres)	1	1	1	1	1	1	1	1	1	1
Downtown (12.3 acres)	1	1	1	1	1	1	1	1	1	1
Playground (52.8 acres)	12	12	12	12	12	12	12	12	12	12
Golf course	-	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	1	1	1	1
Tennis courts (lighted)	14	14	14	14	14	14	14	14	14	14
Recreation centers	3	3	3	3	3	3	3	3	3	3
Ballfields	4	4	4	4	4	4	4	4	4	4
Sports complex	1	1	1	1	1	1	1	1	1	1
Education:										
Schools:										
Senior high school grades 9-12	1	1	1	1	1	1	1	1	1	1
Junior high school grade 8	-	-	-	-	1	1	1	1	1	1
Middle school grades 6-7	2	2	2	2	1	1	1	1	1	1
Elementary schools K-5	7	7	7	7	4	4	4	4	4	4
Early childhood center	-	-	-	-	1	1	1	1	1	1

Source: Individual City departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Petersburg, Virginia's basic financial statements, and have issued our report dated November 20, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management, or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 20, 2015

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Petersburg, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Petersburg Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Petersburg, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Petersburg, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the City of Petersburg, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Petersburg, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Petersburg, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 20, 2015

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
DEPARTMENT OF AGRICULTURE:			
Pass through payments:			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110	$ 764,673
DEPARTMENT OF TRANSPORTATION:			
Direct payments:			
Highway Planning and Construction	20.205	N/A	$ 97,709
Federal Transit Cluster:			
AARA - Federal Transit - Capital Investment Grants	20.500	N/A	275,296
Federal Transit - Formula Grants	20.507	N/A	2,187,270
Pass through payments:			
Division of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	Unknown	67,909
Total Department of Transportation			$ 2,628,184
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Pass through payments:			
Department of Housing and Community Development:			
Community Development Block Grants / States Program and Non-entitlements Grants in Hawaii	14.228	53505-49380	$ 444,873
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass through payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950110	$ 10,388
Temporary Assistance for Needy Families	93.558	0400111	922,524
Refugee and Entrant Assistance-State Administered Programs	93.566	0500111	1,327
Low-Income Home Energy Assistance	93.568	0600411	93,653

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

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

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

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

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

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant actity of the City of Petersburg, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the reporting requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of operations ot the City of Petersburg, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Petersburg, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	$ 4,899,084
Capital Projects Fund	2,575
Nonmajor governmental funds	839,288
Mass Transit Fund	2,462,566
Component Unit:	
School Board	8,158,336
Total federal expenditures per basic financial statements	$ 16,361,849
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$ 16,361,849

CITY OF PETERSBURG, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings

There are no prior year findings to report.

APPENDIX C
CITY COUNCIL RESOLUTION ADOPTED NOVEMBER 15, 2016

16-R-72
Adopted: 11/15/16

RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND AWARD OF A GENERAL OBLIGATION REVENUE ANTICIPATION NOTE, SERIES 2016, OF THE CITY OF PETERSBURG, VIRGINIA AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF

WHEREAS, the City Council **(the "City Council")** of the City of Petersburg, Virginia **(the "City")** has determined that it is necessary and advisable and in the best interest of the City to authorize the borrowing of money in an amount not to exceed $6,500,000 in order to pay expenses expected to be incurred prior to the collection of taxes and revenues of the City for the fiscal year ending June 30, 2017, and that such amount does not exceed the anticipated revenues for such fiscal year, and to issue the City's general obligation tax and revenue anticipation notes therefor; and

WHEREAS, the City held a public hearing, duly noticed, on November 1, 2016 on the issuance of up to $6,500,000 general obligation bonds or notes of the City in accordance with Section 15.2-2606 of the Act; and

WHEREAS, Davenport & Company LLC, the City's financial advisor **(the "Financial Advisor")**, as directed by City staff, and its bond counsel, Sands Anderson PC, have prepared a Request for Proposals **(the "RFP")** to obtain financing proposals for the financing cash flow needs for general governmental operations of the City in anticipation of tax revenues received during the current fiscal year;

WHEREAS, the Financial Advisor, after consideration of responses to the RFP, has recommended that the City Council select the proposal to purchase the City's maximum aggregate principal amount not to exceed $6,500,000 General Obligation Revenue Anticipation Notes, Series 2016 **(together, the "Notes")** to in accordance with the proposal **(the "Proposal")** reflected in the term sheet provided by Municipal Resource Advisors, LLC, as special municipal advisor **(the "Special Municipal Advisor")** for the Notes to be placed by Crews and Associates, Inc. **(the "Placement Agent")**, and the City Council desires to accept such Proposal and proceed with the financing reflected therein;

WHEREAS, a condition of the Proposal is that the City agree to enter into a Trust Agreement with UMB Bank N.A., as trustee, **(the "Trust Agreement")** to provide for regular monthly sinking fund payments by the City during the term of the Notes of

approximately 1/10th of the principal and interest due on the Notes at maturity, to be held by the Trustee as security for payment of the Notes at maturity;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PETERSBURG:

1. **Issuance of Notes.** Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, as amended **(the "Act")**, the City Council hereby authorizes the issuance and sale of one or more general obligation tax and revenue anticipation notes of the City to provide funds to meet appropriations made for the current fiscal year which began on July 1, 2016 and ends June 30, 2017, in anticipation of the collection of tax and other revenues during the same fiscal year, to be paid for by such revenues. The City hereby finds (i) the obtaining of such funds will be for the welfare of citizens of the City for purposes which will serve the City and its citizens, (ii) the most effective and efficient manner in which to provide such funds to the City is by a general obligation revenue anticipation note issued by the City to be sold to the Noteholder and (iii) the issuance of the Note is in the best interests of the City and its citizens. The City elects to issue the Note pursuant to Sections 15.2-2607 and 15.2-2629 of the Act, after a public hearing held in accordance with Section 15.2-2606 of the Act. The City covenants to not issue any additional notes or bonds secured by tax revenues while the Notes are outstanding other than general obligation debt of the City.

2. **Note Details.** The Notes shall be issued in an aggregate principal amount not to exceed $6,500,000 consisting of a single, registered bond designated "General Obligation Revenue Anticipation Note, Series 2016" **(the "Note")**, numbered R-1, having an interest rate not to exceed 5.00%, and maturing not later October 1, 2017 in the form attached to this Resolution. Subject to the preceding terms, the City Council further authorizes the Financial Advisor to determine the aggregate total of principal and interest payments on the Note, including sinking fund payments provided for under the Trust Agreement, all in accordance with the provisions hereof.

3. **Payment and Redemption Provisions.** The principal of and premium, if any, and interest on the Note shall be payable as set forth in the Note. The principal of the Note shall be subject to optional prepayment or redemption, in whole, by the City, at any time.

4. **Execution and Form of Note.** The Note shall be signed by the Mayor or Vice Mayor of the City and the City's seal shall be affixed thereon and attested by the City Clerk. The Note shall be issued as a typewritten bond or note with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by such officers, whose approval shall be evidenced conclusively by the execution and delivery of the Note.

Initially, one Note certificate for each maturity shall be issued to and registered in the name of The Depository Trust Company, New York, New York **("DTC")**, or its nominee. The City has heretofore entered into a Blanket Letter of Representations relating to a book-entry system to be maintained by DTC with respect to the Notes. "Securities Depository" shall mean DTC or any other securities depository for the Notes appointed pursuant to this Section.

In the event that (1) the Securities Depository determines not to continue to act as the securities depository for the Notes by giving notice to the Registrar, and the City discharges its responsibilities hereunder, or (2) the City in its sole discretion determines (i) that beneficial owners of Notes shall be able to obtain certificated Notes or (ii) to select a new Securities Depository, then its chief financial officer shall, at the direction of the City, attempt to locate another qualified securities depository to serve as Securities Depository and authenticate and deliver certificated Notes to the new Securities Depository or its nominee, or authenticate and delivered certificated Notes to the beneficial owners or to the Securities Depository participants on behalf of beneficial owners substantially in the form provided for in Section 6; provided, however, that such form shall provide for interest on the Notes to be payable (A) from the date of the Notes if they are authenticated prior to the first interest payment date, or (B) otherwise from the interest payment date that is or immediately precedes the date on which the Notes are authenticated (unless payment of interest thereon is in default, in which case interest on such Notes shall be payable from the date to which interest has been paid). In delivering certificated Notes, the chief financial officer shall be entitled to rely on the records of the Securities Depository as to the beneficial owners or the records of the Securities Depository participants acting on behalf of beneficial owners. Such certificated Notes will then be registrable, transferable and exchangeable as set forth in Section 7.

So long as there is a Securities Depository for the Notes (1) it or its nominee shall be the registered owner of the Notes, (2) notwithstanding anything to the contrary in this Resolution, determinations of persons entitled to payment of principal and interest, transfers of ownership and exchanges and receipt of notices shall be the responsibility of the Securities Depository and shall be effected pursuant to rules and procedures established by such Securities Depository, (3) the Registrar and the City shall not be responsible or liable for maintaining, supervising or reviewing the records maintained by the Securities Depository, its participants or persons acting through such participants, (4) references in this Ordinance to registered owners of the Notes shall mean such Securities Depository or its nominee and shall not mean the beneficial owners of the Notes and (5) in the event of any inconsistency between the provisions of this Resolution and the provisions of the above-referenced Blanket Letter of Representations such provisions of the Blanket Letter of Representations, except to the extent set forth in this paragraph and the next preceding paragraph, shall control.

5. **Pledge of Full Faith and Credit.** The City's full faith and credit are pledged to secure the payment of the principal of, premium, if any, and interest on the Notes. Unless other funds are lawfully available and appropriated for timely payment of the Notes, the City agrees to levy an annual tax upon all property subject to local taxation in the City sufficient to pay the principal of and premium, if any, and interest on the Notes. Additionally, the Notes are secured by a pledge of tax revenues anticipated to be collected in the current fiscal year of the City, as provided under Section 15.2-2629 of the Code of Virginia of 1950, as amended.

6. **Preparation of Printed Note.** The City shall initially issue the Note in typewritten form. Upon request of the registered owner and upon presentation of the Note at the office of the Trustee (as hereinafter defined), the City shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Note in printed form in an

aggregate principal amount equal to the unpaid principal of the Note in typewritten form, in denominations of $250,000 and $5,000 multiples thereof, of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed Note may be executed by manual or facsimile signature of the Mayor or Vice Mayor of the City, the City's seal affixed thereto and attested by the City Clerk; provided, however, that if both such signatures are facsimiles, no Note shall be valid until it has been authenticated by the manual signature of the Trustee and the date of authentication noted thereon. The typewritten Note surrendered in any such exchange shall be canceled.

7. **Registration and Transfer of the Note.** The City appoints UMB Bank N.A. as trustee, paying agent and registrar **(the "Trustee")** for the Note. If deemed to be in its best interest, the City may at any time appoint a qualified bank or trust company as successor Trustee. Upon surrender of the Note at the office of the Trustee, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, the City shall execute, and the Trustee shall authenticate and deliver in exchange, a new Note or Note having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the City, except that the Trustee may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Trustee shall treat the registered owner as the person or entity exclusively entitled to payment of principal, premium, if any, and interest, and the exercise of all other rights and powers of the owner, except that installments shall be paid to the person or entity shown as owner on the registration books on the 15th day of the month preceding each interest payment date.

8. **Mutilated, Lost or Destroyed Note.** If the Note has been mutilated, lost or destroyed, the City shall execute and deliver a new Note of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Note or in lieu of and in substitution for such lost or destroyed Note; provided, however, that the City shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the City in connection therewith and, in the case of a lost or destroyed Note, (a) has filed with the City evidence satisfactory to the City that such Note was lost or destroyed and (b) has furnished to the City satisfactory indemnity.

9. **Trust Agreement.** The Interim City Manager, Mayor or Vice-Mayor of the City, either of whom may act, is hereby authorized and directed to execute and deliver the Trust Agreement. The Trust Agreement shall be in substantially the form presented to this meeting, which is hereby approved, with such completions, omissions, insertions or changes not inconsistent with this resolution as may be approved by the Interim City Manager, Mayor or Vice-Mayor of the City, in their sole discretion, the execution thereof by the Interim City Manager, Mayor or Vice-Mayor of the City to constitute conclusive evidence of his or her approval of such completions, omissions, insertions or changes.

10. **Private Placement Memorandum.** Such officers of the City as may be requested are authorized and directed to prepare and deliver information regarding the City

in a private placement memorandum **(the "PPM")** in the form approved by the Interim City Manager, in collaboration with the City's bond counsel and the Financial Advisor, with such completions, omissions, insertions and changes as may be approved by the Interim City Manager whose approval shall be evidenced conclusively by the delivery thereof. If appropriate, the PPM and related disclosure documents shall be distributed in such manner and at such times as the Interim City Manager, shall determine.

11. Arbitrage Covenants. The City covenants that it shall not take or omit to take any action the taking or omission of which will cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto **(the "Code")**, or otherwise cause interest on the Notes to be includable in the gross income for Federal income tax purposes of the registered owner thereof under existing law. Without limiting the generality of the foregoing, the City shall comply with any provision of the Tax Compliance Agreement (as defined below) that may require the City at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Notes, unless the City receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the Notes from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law. The City shall pay any such required rebate from legally available funds.

12. Tax Compliance Agreement. Such officers of the City as may be requested are authorized and directed to execute and deliver a nonarbitrage certificate and tax compliance agreement in relation to the Notes **(the "Tax Compliance Agreement")** in the form approved by the Mayor or Vice Mayor of the City or the Interim City Manager, or any of them, in collaboration with the City's bond counsel, with such completions, omissions, insertions and changes as may be approved by the officers of the City executing such Tax Compliance Agreement, whose approval shall be evidenced conclusively by the execution and delivery thereof.

13. Private Activity Bond Covenant. The City covenants that it shall not permit the proceeds of the Notes or the property financed thereby to be used in any manner that would result in (a) 5% or more of such proceeds or the facilities financed with such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds or the facilities financed with such proceeds being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the City receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Notes from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the City need not comply with such covenants.

14. Qualified Tax-Exempt Obligation. The City Council hereby designates the Notes as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Code and certifies by this Resolution that it does not reasonably anticipate the issuance by it or its subordinate entities of more than $10 million in "qualified tax-exempt obligations" during

the calendar year 2016 and will not designate, or permit the designation by any of its subordinate entities of, any of its bonds or notes (or those of its subordinate entities) during the calendar year 2016 which would cause the $10 million limitation of Section 265(b)(3)(D) of the Code to be violated.

15. **Bond Counsel.** The City Council hereby confirms the appointment of Sands Anderson PC to serve as Bond Counsel to the City in connection with the issuance of the Note.

16. **Other Actions.** All other actions of City officials in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Notes are ratified, approved and confirmed. The City officials are authorized and directed to execute and deliver all agreements, certificates and other instruments considered necessary or desirable in connection with the issuance, sale and delivery of the Note pursuant to this Resolution including, but not limited to a Trust Agreement, the Notes, the PPM, a loan agreement, a note purchase agreement, an escrow agreement, an agreement with the Special Municipal Advisor, and any other agreements and to make modification thereof as such officials shall deem necessary or convenient, whose determination shall be conclusively evidenced by the execution thereof.

17. **Effectiveness and Filing of Resolution.** This Resolution shall become effective immediately upon its passage. After such passage, a certified copy of this Resolution shall be filed by the Clerk with the Clerk of the Circuit Court of the City of Petersburg, Virginia. The filing of this Resolution with the Clerk of the Circuit Court of the City of Petersburg, Virginia as a subsequent resolution to the initial resolution of November 1, 2016 filed previously with such Clerk. Any ordinances or resolutions inconsistent herewith previously adopted by the City Council are amended to be consistent with this Resolution.

18. **Applicable Law.** The City Council elects to issue the Notes pursuant to the provisions of the Act, in accordance with Section 15.2-2601 of the Act.

****

On motion of David Ray Coleman, seconded by Darrin Hill, the foregoing Resolution was adopted at a regular meeting of City Council on November 15, 2016. Members of the Council voted as follows:

YES	**NO**
W. Howard Myers	None
Treska Wilson-Smith	
Samuel Parham	
Darrin Hill	
Brian A. Moore	
David Ray Coleman	
John A. Hart, Sr.	

ABSTAINED	**ABSENT**
None	None

Adopted this 15th day of November, 2016.

The undersigned Clerk of the City Council of the City of Petersburg, Virginia, hereby certifies that the foregoing constitutes a true and correct copy of an Resolution adopted at a meeting of the City Council of the City of Petersburg, held on November 15, 2016. I hereby further certify that such a meeting was a regular meeting, duly called and held, during open meeting and that during the consideration of the foregoing Resolution, a quorum was present.

Clerk, City Council of the
City of Petersburg, Virginia

FILED
NOV 17 2016
Shalita J. Brayton
~~Benjamin D. Scott~~
Clerk, Circuit Court
Petersburg, Virginia

EXHIBIT A

Unless this Note is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any Note is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED
No. R-__

REGISTERED
$_____

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

CITY OF PETERSBURG

General Obligation Revenue Anticipation Note, Series 2016

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____%	October 1, 2017	_____, 2016	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Petersburg, Virginia (the "**City**"), for value received, promises to pay, upon surrender hereof, to the registered owner hereof, or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, subject to prior redemption as hereinafter provided, and to pay interest hereon from its date to maturity at the annual rate stated above, calculated on the basis of a 360-day year of twelve 30-day months. Principal and interest are payable in lawful money of the United States of America by UMB Bank N.A., who has been appointed paying agent and registrar for the Notes, or at such bank or trust company as may be appointed as successor paying agent and registrar by the City (**the "Registrar"**).

Notwithstanding any other provision hereof, this Note is subject to a book-entry system maintained by The Depository Trust Company (**"DTC"**), and the payment of principal and interest, the providing of notices and other matters shall be made as described in the City's Blanket Letter of Representation to DTC.

This Note is one of an issue of up to $_____ General Obligation Revenue Anticipation Notes, Series 2016, of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity, and is issued pursuant to the Constitution and

statutes of the Commonwealth of Virginia, including the Public Finance Act and the City Charter. This Note is issued pursuant to a resolution adopted by the City Council on November 15, 2016, to finance cash flow needs for the City for the current fiscal year and to pay the costs of issuing the Notes.

This Note is subject to redemption prior to maturity at the option of the City, in whole at any time, upon payment of 100% of the principal amount of Notes to be redeemed plus interest accrued and unpaid to the date fixed for redemption.

The City shall cause notice of the call for redemption identifying the Notes or portions thereof to be redeemed to be sent by electronic or facsimile transmission, registered or certified mail or overnight express delivery, not less than 30 nor more than 60 days prior to the redemption date, to DTC, or its nominee, as the registered owner of the Notes. If a portion of this Note is called for redemption, a new Note in principal amount of the unredeemed portion hereof shall be issued to the registered owner upon surrender hereof.

The full faith and credit of the City are irrevocably pledged for the payment of principal of and premium, if any, and interest on this Note. Unless other funds are lawfully available and appropriated for timely payment of this Note, the City Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all taxable property within the City sufficient to pay when due the principal of and premium, if any, and interest on this Note. Additionally, the Notes are secured by a pledge of tax revenues anticipated to be collected in the current fiscal year of the City, as provided under Section 15.2-2629 of the Code of Virginia of 1950, as amended.

The Registrar shall treat the registered owner of this Note as the person exclusively entitled to payment of principal of and premium, if any, and interest on this Note and the exercise of all rights and powers of the owner, except that interest payments shall be made to the person shown as the owner on the registration books on the 15th date of the month preceding each interest payment date.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Note have happened, exist and have been performed, and, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the City of Petersburg, Virginia, has caused this Note to be to be signed by its Mayor or Vice Mayor, its seal to be affixed hereto and attested by its City Clerk, and this Note to be dated the date first above written.

(SEAL)

_____
Mayor, City of Petersburg, Virginia

ATTEST:

_____
City Clerk, City of Petersburg, Virginia

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes described in the within-mentioned Resolution.

REGISTRAR – UMB BANK N.A.

By: _____

DATE OF AUTHENTICATION:
_____, 2016

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

_____

(Please print or type name and address, including postal zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE:

the within bond and all rights thereunder, hereby irrevocably constituting and appointing _____, Attorney, to transfer said bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

_____

NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union or Savings Association who is a member of a medallion program approved by The Securities Transfer Association, Inc.

_____

(Signature of Registered Owner)

NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular, without alteration or enlargement or any change whatsoever.

CERTIFICATE OF THE CLERK OF THE CIRCUIT COURT OF THE CITY OF PETERSBURG, VIRGINIA WITH RESPECT TO FILING OF RESOLUTION

The undersigned certifies that there has been filed with the Circuit Court of the City of Petersburg, Virginia, as required by Section 15.2-2607 of the Code of Virginia of 1950, as amended, a certified copy of a resolution of the City of Petersburg, Virginia, entitled **"RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND AWARD OF A GENERAL OBLIGATION REVENUE ANTICIPATION NOTE, SERIES 2016, OF THE CITY OF PETERSBURG, VIRGINIA AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF,"** adopted November 15, 2016.

Dated: November 18, 2016

Clerk, Circuit Court of the
City of Petersburg, Virginia

APPENDIX D
FORM OF TRUST AGREEMENT

TRUST AGREEMENT

between

CITY OF PETERSBURG, VIRGINIA

and

UMB BANK N.A.

as Trustee

Dated as of December 1, 2016

Relating to
City of Petersburg, Virginia
General Obligation Revenue Anticipation Notes, Series 2016

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THIS TRUST AGREEMENT dated as of the 1st day of December, 2016, by and between the **CITY OF PETERSBURG, VIRGINIA (the "City")**, and **UMB BANK N.A.**, as trustee (in such capacity, together with any successor in such capacity, herein called **the "Trustee"**), provides:

WHEREAS, the City has issued its $6,500,000 General Obligation Revenue Anticipation Note, Series 2016 **(the "Note")** pursuant to a Resolution adopted November 15, 2016 **(the "Resolution")** to finance cash flow needs of the City for general governmental operations of the City during the fiscal year ending June 30, 2017; and

WHEREAS, simultaneously with issuing the Note, the City and the Trustee will enter into this Trust Agreement providing for (a) the Trustee's services as paying agent and registrar for the Note and (b) the payment by the City of regular monthly payments to be applied to the payment of principal and interest on the Note on the payment dates or at maturity as set forth herein; and

WHEREAS, all acts, conditions and things required by law to happen, exist and be performed precedent to and in connection with the execution of and entering into this Agreement have happened, exist and have been performed in regular and due time and in form and manner as required by law, and the parties hereto are now duly empowered to execute and enter into this Agreement.

NOW, THEREFORE, THIS AGREEMENT FURTHER WITNESSETH:

That, as security for payment of the principal of and premium, if any, and interest on the Note and for the moneys that may be advanced by the Trustee pursuant hereto, the City does hereby absolutely and irrevocably pledge and assign to the Trustee all right, title and interest of the City in and to the following described property **(the "Trust Estate")**:

A. The Funds, including moneys and investments therein, held by the Trustee, pursuant to the terms of this Agreement.

B. All other property of any kind mortgaged, pledged or hypothecated at any time as and for additional security hereunder by the City or by anyone on its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive all such property at any time and to hold and apply it subject to the terms hereof.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Trustee and its assigns forever.

IN TRUST, however, for the equal and proportionate benefit and security of the holders from time to time of the Notes issued under and secured by this Agreement, without privilege, priority or distinction as to the lien or otherwise of any of the Notes over any of the others except as on the terms and conditions hereinafter stated.

The City hereby covenants and agrees with the Trustee and with the respective holders, from time to time, of the Notes as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. Definitions.

The following words as used in this Agreement shall have the following meanings unless a different meaning clearly appears from the context:

"Act" shall mean the Public Finance Act, Chapter 26, Title 15.2, Code of Virginia of 1950, as amended.

"Account" shall mean any of the various Accounts created within a Fund under this Agreement.

"Agreement" shall mean this Trust Agreement, as supplemented, amended or modified.

"Authorized City Representative" shall mean any officer of the City, including the City Manager.

"Bond Counsel" shall mean Sands Anderson PC, or another attorney or firm of attorneys nationally recognized on the subject of municipal bonds.

"Business Day" shall mean a day on which banking business is transacted, but not including a Saturday, Sunday or legal holiday, or any day on which banking institutions are authorized by law to close in the city in which the Trustee has its principal corporate trust office.

"Code" shall mean the Internal Revenue Code of 1986, as amended, including applicable regulations, rulings and revenue procedures promulgated or applicable thereunder.

"Commonwealth" shall mean the Commonwealth of Virginia.

"Event of Default" shall mean any of the events enumerated in Section 601.

"Fiscal Year" shall mean the twelve-month period beginning on July 1 of one year and ending on June 30 of the following year, or such other fiscal year of twelve months as may be selected by the City.

"Fund" shall mean the Note Fund, or any other fund established under this Agreement.

"Government Certificates" shall mean certificates representing proportionate ownership of Government Obligations, which Government Obligations are held by a bank or

trust company organized under the laws of the United States of America or any of its states in the capacity of custodian of such certificates.

"Government Obligations" shall mean bonds, notes and other direct obligations of the United States of America and securities unconditionally guaranteed as to the timely payment of principal, if applicable, and interest by the United States of America.

"Interest Account" shall mean the Interest Account in the Note Fund established in Section 604.

"Investment Obligations" shall have the meaning assigned to such term in Section 402.

"Maturity Date" shall mean October 1, 2017.

"Note" or "Notes" shall mean the City's $6,500,000 General Obligation Revenue Anticipation Note, Series 2016.

"Note Fund" shall mean the Note Fund established in Section 302.

"Noteholder" or **"holder"** shall mean the registered owner of any Notes.

"Opinion of Counsel" shall mean an opinion of any attorney or firm of attorneys reasonably acceptable to the Trustee, who may be counsel for the City or the Trustee but who shall not be a full time employee of the City or the Trustee.

"Outstanding" shall mean, when used as descriptive of Notes, that such Notes have been authorized, issued, authenticated and delivered under this Agreement and have not been canceled or surrendered to the Trustee for cancellation, deemed to have been paid as provided in Article IX, have had other Notes issued in exchange therefor or had their principal become due and moneys sufficient for their payment deposited with the Trustee as provided in Section 901.

In determining whether holders of a requisite aggregate principal amount of the Outstanding Notes have concurred in any request, demand, authorization, direction, notice, consent or waiver under this Agreement, words referring to or connoting "principal of" or "principal amount of" Outstanding Notes shall be deemed also to be references to, to connote and to include the accreted value of the Notes as of the immediately preceding interest compounding date for such Notes. Notes that are owned by the City shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

"Payment Date" shall mean the first day of each month starting January 1, 2017 and ending on the Maturity Date.

"Placement Agent" means Crews and Associates, Inc., as placement agent for the Notes.

"Principal Account" shall mean the Principal Account in the Note Fund established in Section 604.

"Redemption Account" shall mean the Redemption Account in the Note Fund established in Section 604.

"Trustee" shall mean UMB Bank N.A., or its successors serving as such hereunder.

"Trust Estate" shall have the meaning set forth in the recitals hereof.

"Virginia Code" shall mean the Code of Virginia of 1950, as amended.

Section 102. Rules of Construction.

Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Words importing the redemption or calling for redemption of Notes shall not be deemed to refer to or connote the payment of Notes at their stated maturity.

(c) Unless otherwise indicated, all references herein to particular Articles or Sections are references to Articles or Sections of this Agreement.

(d) The headings herein and Table of Contents to this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(e) All references herein to the payment of Notes are references to payment of principal of and premium, if any, and interest on Notes.

ARTICLE II

APPOINTMENT AS PAYING AGENT AND REGISTRAR

Section 201. Appointment and Acceptance.

The City hereby appoints the Trustee, and the Trustee accepts such appointment, to act as Paying Agent, Registrar and Transfer Agent for the Notes pursuant to the terms of this Agreement.

Section 202. Compensation.

The City hereby agrees to pay the Trustee the fees and expenses outlined in the fee schedule letter, a copy of which is attached as Exhibit A to this Agreement and as further set forth in Section 802.

Section 203. Authentication of Notes.

The Notes shall bear a certificate of authentication and shall not be valid until the Trustee shall have executed the certificate of authentication and inserted the date of authentication thereon. The Trustee shall authenticate each Note with the signature of an authorized officer or employee, but it shall not be necessary for the same person to authenticate all of the Notes. Only such authenticated Notes shall be entitled to any right or benefit under this Agreement, and such certificate on any Note issued hereunder shall be conclusive evidence that the Note has been duly issued and is secured by the provisions hereof.

Section 204. Registration and Transfer of Notes; Persons Treated as Owners.

(a) All Notes issued under this Agreement shall be negotiable, unless otherwise provided, subject to the provisions for registration and registration of transfer thereof contained herein or in the Notes.

(b) The Trustee shall maintain registration books with respect to the Notes at the offices of the Trustee and shall provide for the registration and registration of transfer of any Note under such reasonable regulations as the Trustee may prescribe. The Trustee shall maintain books for purposes of exchanging and registering Notes in accordance with the provisions hereof.

(c) The Notes will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York **("DTC")**. DTC will act as security depository for the Notes. So long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, principal and interest shall be payable to Cede & Co., as nominee of DTC. The Notes will be in denominations of $250,000 and increments of $5,000 in excess thereof. References in this Agreement to the Owners of the Notes will mean Cede & Co., and will not mean the beneficial owners of the Notes.

(d) Each Note shall be registered or registered for transfer only upon the registration books maintained by the Trustee, by the Noteholder thereof in person or by his attorney or legal representative duly authorized in writing, upon presentation and surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Noteholder or his duly authorized attorney or legal representative. Upon surrender for registration of transfer of any such Note, the City shall cause to be executed and the Trustee shall authenticate and deliver, in the name of the transferee, one or more new Notes of the same interest rate, maturity, principal amount and date as the surrendered Note, as fully registered Notes only.

(e) The Trustee shall treat the registered holder as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the holder on the registration books, except that interest payments shall be made to the person shown as holder on the first day of the month in which each interest payment date occurs.

ARTICLE III

FUNDS AND ACCOUNTS

Section 301. Creation of Funds and Accounts.

There are hereby established a Note Fund, to be held by the Trustee, in which there are established an Interest Account, a Principal Account and a Redemption Account.

Section 302. Note Fund.

(a) On each Payment Date while the Notes are Outstanding, the City shall pay to the Trustee for deposit to the Note Fund held by the Trustee the amounts (equal to 1/10th of the total amount of principal and interest accrued thereon due on the Notes on the Maturity Date) set forth in Exhibit B attached hereto. The Trustee shall deposit each such installment (i) to the Interest Account an amount equal to the amount, if any, as may be required to make the total amount on deposit therein equal to the amount of interest accrued through the last day of the current month for such Notes, to be used to pay interest accruing on the Notes on June 1, 2017 and the Maturity Date, and (ii) to the Principal Account an amount equal to the amount, if any, as may be required to make the total amount on deposit therein equal to the amount of principal due and payable on the Maturity Date. If a Payment Date does not occur on a Business Day, such payment shall be made on the immediately preceding Business Day

(b) Notwithstanding anything in this Agreement to the contrary, at any time the Trustee is required to make transfers pursuant to subsections (i) and (ii) in the preceding paragraph, and there are insufficient moneys to make all required transfers pursuant to such subsections, the Trustee shall make the transfers ratably from the moneys available.

(c) The Trustee shall deposit in the Redemption Account any moneys received from the City to redeem the Notes pursuant to any optional or extraordinary redemption provisions exercised by the City in accordance with the terms of the Note.

(d) Upon the final maturity of all of the Notes, any amount remaining on deposit in the Note Fund in excess of the amount necessary to pay the principal of and interest on the Outstanding Notes shall be paid to the City.

(e) The Trustee shall withdraw from the Interest Account and the Principal Account, on the Maturity Date, amounts equal to the amounts of interest and principal due with respect to the Note on the Maturity Date, and shall cause the same to be applied to the payment of interest and principal due on such Maturity Date. In the event there are insufficient moneys in the Interest Account or the Principal Account on the Maturity Date to pay interest and principal, if any, due on such Maturity Date, the Trustee shall transfer any excess amounts on deposit in any other Account to the Interest Account or Principal Account, as applicable, in which there are

insufficient moneys, and shall cause the same to be applied to the payment of interest and principal, if any, due on the Maturity Date.

(f) In the event the amount on deposit in the Interest Account on any Payment Date shall exceed the amount required to pay interest on the Notes on such Payment Date, the Trustee shall at the written direction of an Authorized City Representative either retain such excess in the Interest Account or transfer such excess to the Principal Account to be credited against subsequent required deposits thereto.

In the event the amount on deposit in the Principal Account on any Payment Date shall exceed the amount required on such date to pay principal on the Notes at maturity, the Trustee shall at the direction of an Authorized City Representative either retain such excess in the Principal Account or transfer such excess to the Interest Account to be credited against subsequent required deposits thereto.

Section 303. Pledge of Certain Funds and Accounts.

Moneys in the Note Fund shall be trust funds and are hereby pledged (except as provided in the next sentence hereof) equally and ratably to the payment of the principal of and interest on all Notes, subject only to the right of the Trustee, as applicable, to make application thereof to other purposes as provided herein. The lien and trust hereby created are for the benefit of the Noteholders and for their additional security until all the Notes have been paid.

Section 304. Disposition of Balances in Funds after Payment of Notes.

After the principal of and interest on all of the Notes, any amounts required to be paid pursuant to the terms of this Agreement, and all expenses and charges herein required have been paid or provision therefor has been made, the Trustee shall pay to the City any balance remaining in any Fund then held by the Trustee.

ARTICLE IV

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 401. Security for Deposits.

All moneys held in the Funds and Accounts created by this Agreement that are on deposit with any bank shall be continuously secured in the manner required by the Virginia Security for Public Deposits Act (Chapter 44, Title 2.2 of the Virginia Code) or any successor provision of law.

Section 402. Investment of Moneys.

Any moneys held by the Trustee in the Funds and Accounts shall be invested and reinvested by the Trustee, as directed in writing by an Authorized City Representative, in Investment Obligations, subject to the limitations stated herein. The term "Investment

Obligations" shall mean any of the obligations or securities that are at the time legal investments for public funds under the Investment of Public Funds Act (Chapter 45, Title 2.2 of the Virginia Code) or any successor provisions of law applicable to such investments. In the absence of the receipt of investment instructions from the City, the Trustee is hereby directed to invest and reinvest in a money market fund available to the Trustee composed of bonds, notes and other obligations of the United States and securities unconditionally guaranteed as to the payment of principal and interest by the United States or any agency thereof or otherwise in compliance with Section 2.2-4500 of the Virginia Code.

Moneys held in the Note Fund shall be invested obligations maturing not later than the dates on which such moneys will be needed to pay principal of or interest on Notes. The Trustee may conclusively rely upon the written instructions of the Authorized City Representative as to the suitability and legality of the directed investment.

For purposes of this Section, investments shall be considered as maturing on the date on which they are redeemable without penalty at the option of the holder or the date on which the City or the Trustee may require their repurchase pursuant to a repurchase agreement.

Whenever a payment or transfer of moneys between Funds or Accounts is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more investment obligations at a value determined in accordance with Section 404, provided that the Investment Obligations transferred are permitted investments for the Fund or Account receiving such Investment Obligations.

Unless otherwise provided in this Agreement, earnings on Investment Obligations shall accrue to the Fund or Account in which such Investment Obligations are on deposit.

Section 403. Investment of Surplus Moneys.

The City shall direct the Trustee to invest all moneys in any Fund or Account held by the Trustee not immediately necessary for the purposes of such Fund or Account so that all idle moneys may be invested for the benefit of the Noteholders.

Section 404. Valuation of Investments.

In computing the amount in any Fund or Account created by this Agreement, obligations purchased as an investment of moneys therein shall be valued at cost or fair market value thereof, whichever is lower, plus accrued interest. Such valuations for each such Fund or Account shall be made by the Trustee at least annually not later than the end of each Fiscal Year and at such other times as an Authorized City Representative may direct.

Section 405. Investments Through Trustee's Bond Department.

The Trustee may make investments permitted by Section 402 through its own bond department or the bond department of any affiliate.

Section 406. Investments by Trustee.

The Trustee shall not be liable for any losses resulting from investments made by it pursuant to the provisions of Section 402.

Section 407. Investments in Notes by Trustee.

The bank or trust company acting as Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in the Notes and may join in any action which any Noteholder may be entitled to take with like effect as if such bank or trust company were not the Trustee. To the extent permitted by law, such bank or trust company may also receive tenders and purchase in good faith Notes from itself, including any department, affiliate or subsidiary, with like effect as if it were not the Trustee.

Section 408. Acknowledgement Regarding Bankruptcy.

Chapter 9 of the United States Bankruptcy Code **(the "Bankruptcy Code")** permits a municipality such as the City, if insolvent or otherwise unable to pay its debts as they become due, to file a voluntary petition for the adjustment of debts, provided that such municipality is "specifically authorized, in its capacity as a municipality or by name, to be a debtor" Bankruptcy Code §109(c)(2). Current Virginia statutes do not expressly authorize the City or municipalities generally to file for bankruptcy under Chapter 9. The Bankruptcy Code also does not authorize the filing of involuntary petitions against municipalities such as the City (11 U.S.C. Section 303(a)). However, Bankruptcy Code section 926(b) protects holders of a bond or note issued by a municipality from having payments on such bond or notes recovered as preferences under Bankruptcy Code section 547.

ARTICLE V

PARTICULAR COVENANTS

Section 501. Payment of Notes; General Obligation.

The City shall promptly pay or cause to be paid when due the principal of (whether at maturity, call for redemption or otherwise) and interest on the Notes, including but not limited to the payments provided under Article II hereof, at the places, on the dates and in the manner provided herein and in the Notes according to the true intent and meaning thereof. The City's full faith and credit are pledged to secure the payment of the principal of, premium, if any, and interest on the Notes, payable from property tax collections by or on behalf of the City plus any other available funds of the City. Unless other funds are lawfully available and appropriated for timely payment of the Notes, the City agrees to levy an annual tax upon all property subject to local taxation in the City sufficient to pay the principal of and premium, if any, and interest on the Notes. Additionally, the Notes are secured by a pledge of tax revenues anticipated to be

collected in the current fiscal year of the City, as provided under Section 15.2-2629 of the Code of Virginia of 1950, as amended.

Section 502. City Covenants and Representations.

The City shall faithfully observe and perform all covenants, conditions and agreements on its part contained in this Agreement, in every Note executed, authenticated and delivered hereunder and in all proceedings of the City pertaining thereto. The City represents that is duly authorized under the Constitution and laws of the Commonwealth of Virginia, including particularly and without limitation the Act, to issue the Notes, to execute this Agreement, and to pledge revenues in the manner and to the extent herein set forth. The City covenants to execute, acknowledge and deliver any indentures supplemental hereto and other acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging and assigning to the Trustee of all the rights and funds assigned by this Agreement to secure the payment of the principal of and premium, if any, and interest on the Notes. The City covenants to fully cooperate with the Trustee and the Noteholders in protecting the rights and security of the Noteholders.

Section 503. Continuing Disclosure and Financial Statements.

(a) The City shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs related to the System. The City shall have an annual audit of the financial condition of the City made by an independent certified public accountant, within two hundred and seventy days after the end of each Fiscal Year. The City shall furnish to the Trustee and the Placement Agent copies of such report immediately after it is submitted to the City. Such report shall include statements in reasonable detail, certified by such accountant, reflecting the City's financial position as of the end of such Fiscal Year and the results of the City's operations and changes in the financial position of its funds for the Fiscal Year. The Trustee shall have no obligation to review any documents delivered to the Trustee in accordance with this Section.

(b) While the Notes are outstanding, the City agrees to provide on or before the last business day of each month, to the Trustee and the Placement Agent, any annual or event filings made by the City in connection with any continuing disclosure obligations undertaken in connection with Rule 15c2-12 promulgated by the Securities and Exchange Commission, including, but not limited to, the City's continuing disclosure obligation in connection with its $6,155,000 General Obligation Refunding Bonds, Series 2004.

(c) While the Notes are outstanding, the City agrees to provide on or before the last business day of each month, to the Trustee and the Placement Agent a monthly report of real property and personal property tax collections received by the City in the preceding month and a monthly report reflecting the amount and source of any other revenues paid by the City into the Note Fund.

(d) While the Notes are outstanding, the City agrees to provide to the Trustee and the Placement Agent written notice of any litigation or government regulatory actions initiated against the City representing a claim against the City equal to or in excess of $250,000 that could have a material adverse impact on the City's finances or its ability to pay the Notes when due.

(e) The City agrees to additionally file any information described in this Section 503 by electronic transmission in the format prescribed by the Municipal Securities Rulemaking Board **("MSRB")** to the MSRB's Electronic Municipal Market Access System **("EMMA")**.

Section 504. Additional Indebtedness.

While the Note is outstanding, the City shall not incur any indebtedness or issue any bonds, notes or other evidences of indebtedness secured by a pledge of tax revenues of the City, other than general obligation bonds.

Section 505. Further Assurances.

The parties hereto shall make, execute and deliver any and all such further documents, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement and for the better assuring and confirming unto the Trustee and the Noteholders of their rights and benefits provided in this Agreement.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 601. Events of Default.

Each of the following events shall be an Event of Default:

(a) Default in the due and punctual payment of the principal of any Note (whether at maturity, call for redemption or otherwise);

(b) Default in the due and punctual payment of the interest on any Note; and

(c) Default in the payment of any amount due on a Payment Date which is not paid by the date which is three (3) Business Days following the date such payment is due.

(d) Failure of the City to observe and perform any of its other covenants, conditions or agreements under this Agreement or in the Notes for a period of 30 days after written notice either from the Trustee or holders of not less than 25% in aggregate principal amount of Notes then Outstanding (unless the Trustee should agree in writing to an extension of such time prior to its expiration), specifying such failure and requesting that it be remedied, or in the case of any such default that cannot with due diligence be cured within such 30-day period, failure of the

City to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence.

Section 602. Acceleration.

Upon the occurrence and during the continuation of an Event of Default, the Trustee may, and upon the written request of the holders of a majority in aggregate principal amount of Notes Outstanding hereunder, shall, declare the principal of all Notes and interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. In each case, the Trustee shall declare such an Event of Default and acceleration of the Notes by notice in writing delivered to the City, the Owners of the Notes (Cede & Co.) and the Placement Agent. Upon any such declaration the Issuer shall forthwith pay to the Owners of the Notes the entire unpaid principal of and accrued interest on the Notes.

Section 603. Other Remedies; Rights of Noteholders.

Upon the occurrence and continuation of an Event of Default, the Trustee may (and if requested by the holders of not less than 25% in aggregate principal amount of Notes then Outstanding and if provided satisfactory indemnity) proceed to protect and enforce their rights by mandamus or other suit, action or proceeding at law or in equity, including an action for specific performance of any covenant or agreement herein contained.

In the Event of Default, the Trustee may utilize the State Intercept provisions of Section 15.2-2659 of the Virginia Code by filing an affidavit with the Governor of the Commonwealth of a default as to payment of principal of, premium , if any or interest on, a general obligation bond.

No remedy conferred by this Agreement upon or reserved to the Trustee or Noteholders is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or Noteholders hereunder or now or hereafter existing at law, in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Trustee or Noteholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 604. Right of Noteholders to Direct Proceedings.

Anything in this Agreement to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Notes then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the

terms and conditions of this Agreement or any other proceedings hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of this Agreement.

Section 605. Application of Money.

All money received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such money, the expenses, liabilities and advances incurred or made by the Trustee and its fees and the expenses of the City in carrying out this Agreement, be deposited in the Note Fund and applied as follows and for no other purpose:

(a) Unless the principal of all the Notes shall have become due or shall have been declared due and payable, all such moneys shall be applied:

First - To the payment to the persons entitled thereto of all installments of interest then due on the Notes, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Notes; and

Second - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Notes which shall have become due (other than Notes called for redemption for the payment of which moneys are held pursuant to the provisions of this Agreement), in the order of their due dates, with interest on such Notes at the respective rates specified therein from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Notes due on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal and premium, if any, ratably, according to the amount of such principal due on such date, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Notes.

(b) If the principal of all the Notes shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on the Notes, including, to the extent permitted by law, interest on overdue installments of interest, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any bond over any other bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Notes.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Payment Date unless it shall deem another date more suitable) on which such application is to be made and on such date interest on the amounts of principal to be paid and on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Whenever the principal of and premium, if any, and interest on all Notes have been paid under the provisions of this Section, and all expenses and charges of the Trustee have been paid, any balance remaining in the several Funds created by this Agreement and held by the Trustee shall be paid to the City as provided in Section 304.

Section 606. Remedies Vested in Trustee.

All rights of action (including the right to file proof of claims) under this Agreement or under any of the Notes may be enforced by the Trustee without the possession of any of the Notes or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustee may be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Noteholder, and any recovery of judgment shall be for the equal benefit of the holders of all Notes then Outstanding.

Section 607. Limitation on Suits.

Except to enforce the rights given under Sections 603 and 604, no Noteholder shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Agreement or for the execution of any trust thereof or any other remedy hereunder, unless (a) a default has occurred and is continuing of which the Trustee has been notified as provided in Section 801(h), or of which by such Section it is deemed to have notice, (b) such default has become an Event of Default and the holders of 25% in aggregate principal amount of Notes then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) such requesting Noteholders have offered to the Trustee indemnity as provided in Section 801(k), (d) the Trustee has thereafter failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names, (e) no direction inconsistent with such written request has been given to the Trustee by the holders of a majority in aggregate principal amount of Notes then Outstanding and (f) notice of such action, suit or proceeding is given to the Trustee; it being understood and intended that no one or more holders of the Notes shall have any right in any manner whatsoever to affect, disturb or prejudice this Agreement by its or their action or to enforce any rights hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner herein provided and for the equal benefit of the holders of all Notes then Outstanding. The notification, request and offer of

indemnity set forth above, at the option of the Trustee, shall be conditions precedent to the execution of the powers and trusts of this Agreement and to any action or cause of action for the enforcement of this Agreement or for any other remedy hereunder.

Section 608. Termination of Proceedings.

In case the Trustee shall have proceeded to enforce any right under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the City and the Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 609. Waivers of Events of Default.

The Trustee may in its discretion waive any Event of Default hereunder or any action taken pursuant to any Event of Default and rescind any declaration of maturity of principal of and interest on the Notes, and shall do so on the request of the holders of (a) a majority in aggregate principal amount of Notes then Outstanding in respect of which default in the payment of principal and/or premium, if any, and/or interest exists or (b) a majority in aggregate principal amount of Notes then Outstanding in the case of any other default; provided, however, that:

(1) there shall not be waived without the consent of the holders of all Notes then Outstanding (A) any Event of Default in the payment of the principal of any Outstanding Notes (whether at maturity or by sinking fund redemption) or (B) any default in the payment when due of the interest on any such Notes unless, prior to such waiver or rescission,

(i) there shall have been paid or provided for all arrears of interest with interest, to the extent permitted by law, at the rate borne by the Notes on overdue installments of interest, all arrears of principal and premium, if any, and all expenses of the Trustee in connection with such default and

(ii) in case of any such waiver or rescission or in the case of any discontinuance, abandonment or adverse determination of any proceeding taken by the Trustee on account of any such default, the City, the Trustee and the Noteholders shall be restored to their former positions and rights hereunder respectively; and

No such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon.

Section 610. Unconditional Right to Receive Principal, Premium and Interest.

Nothing in this Agreement shall, however, affect or impair the right of the Trustee or any Noteholder to enforce, by action at law, payment of the principal of or premium, if any, or interest on any Note at and after the maturity thereof, or on the date fixed for redemption or upon the same being declared due prior to maturity as herein provided, or the obligation of the City to pay the principal of and premium, if any, and interest on each of the Notes issued hereunder to

the respective holders thereof at the time and place, from the source and in the manner herein and in the Notes expressed.

ARTICLE VII

SUPPLEMENTAL TRUST AGREEMENT

Section 701. Supplemental Agreements Requiring Consent of Noteholders.

The holders of not less than a majority in aggregate principal amount of Notes then Outstanding shall have the right from time to time, notwithstanding anything in this Agreement to the contrary, to consent to the execution by the City and the Trustee of such other agreements or agreements supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Agreement and any Supplemental Trust Agreement; provided, however, that nothing in this Agreement shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Note, (b) a privilege or priority of any Note or Notes over any other Note or Notes, (c) a reduction in the aggregate principal amount of Notes required for consent to such Supplemental Trust Agreement, (d) a reduction in the principal amount of or premium, if any, on any Note or the rate of interest thereon or (e) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any Note, without the consent of the holders of all Notes then Outstanding.

If at any time the City shall request the Trustee to enter into any such Supplemental Trust Agreement, the Trustee shall cause notice of the proposed execution of such Supplemental Trust Agreement to be sent by registered or certified mail to the registered holder of each Note at his address as it appears on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Trust Agreement and shall state that a copy thereof is on file at the corporate trust office of the Trustee for inspection by all Noteholders. If, within 90 days or such longer period as shall be prescribed by the City following the giving of such notice, the holders of not less than a majority in aggregate principal amount of all Notes then Outstanding, or in the case of (a) through (e) above, the holders of all Notes then Outstanding, shall have consented to and approved the execution thereof as herein provided, no holder of any Note shall have any right to object to any of the terms and provisions contained therein, or the operation hereof, or in any manner to question the propriety thereof, or to enjoin or restrain the Trustee or the City from executing such Supplemental Trust Agreement or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Trust Agreement as in this Section permitted and provided, this Agreement shall be and be deemed to be modified and amended in accordance therewith.

Section 702. Amendment by Unanimous Consent.

Notwithstanding any other provision of this Agreement, the City and the Trustee may enter into any Supplemental Trust Agreement upon receipt of the consent of the holders of all Notes then Outstanding.

ARTICLE VIII

THE TRUSTEE

Section 801. Acceptance of Trusts and Obligations.

The Trustee hereby accepts the trusts and obligations imposed upon it by this Agreement and agrees to perform such trusts and obligations, but only upon and subject to the following express terms and conditions and no implied covenants or obligations shall be read into this Agreement against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Agreement and as a corporate trustee ordinarily would perform such duties under a corporate indenture. Upon the occurrence and continuation of an Event of Default (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Agreement and use the same degree of care and skill in their exercise as a reasonable person ordinarily would exercise and use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall not be answerable for negligence or willful misconduct of the same if appointed with due care, and shall be entitled to act upon the opinion or advice of its counsel concerning all matters of trust hereof and the duties hereunder, any may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof. The Trustee may act on an advice or Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith and in reliance on such advice or Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Notes (except in respect to the certificate of the Trustee endorsed on the Notes) or for the recording, re-recording, filing or re-filing of any financing or continuation statement or any other document or instrument, or for the validity of the execution by the City of this Agreement or for any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Notes issued hereunder or intended to be secured hereby, and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or

agreements on the part of the City under this Agreement except as hereinafter set forth. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with Section 702.

(d) The Trustee shall not be accountable for the use of any Notes authenticated or delivered hereunder. The bank or trust company acting as Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in the Notes and may join in any action which any Noteholder may be entitled to take with like effect as if such bank or trust company were not the Trustee. To the extent permitted by law, such bank or trust company may also receive tenders and purchase in good faith Notes from itself, including any department, affiliate or subsidiary, with like effect as if it were not the Trustee.

(e) The Trustee shall be protected in acting on any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Agreement on the request or authority or consent of any person who at the time or making such request or giving such authority or consent is the holders of any Note shall be conclusive and binding upon all future holders of the same Note and upon Notes issued in exchange therefor or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely on a certificate signed on behalf of the City by its Mayor or Vice-Mayor or such other person or persons as may be designated for such purposes by resolution of the City, as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the City Manager to the effect that a resolution in the form therein set forth has been adopted by the City as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Agreement shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder, except failure by the City to cause to be made any of the payments to the Trustee required to be made by Article VI, unless the Trustee shall be notified of such default in writing by the City or by the holders of 25% in aggregate principal amount of Notes then Outstanding.

(i) The Trustee shall not be required to give any bond or surety with respect to the execution of its rights and obligations hereunder.

(j) Notwithstanding any other provision of this Agreement, the Trustee shall have the right, but shall not be required, to demand, as a condition of any action by the Trustee in respect of the authentication of any Notes, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Agreement, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof.

(k) Before taking any action under this Agreement the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct.

(l) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other moneys except to the extent required by this Agreement or law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

Section 802. Fees, Charges and Expenses of Trustee.

Absent a specific agreement as to the payment of the Trustee's fees, charges and expenses, the Trustee shall be entitled to payment of and reimbursement by the City for reasonable fees for its ordinary services and all expenses reasonably incurred by it hereunder, including the reasonable fees and disbursements of its counsel. Additionally, should it become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to additional compensation therefor and entitled to reimbursement for out-of-pocket and extraordinary costs and expenses, including, but not limited to attorneys' fees. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of, or premium, if any, and interest on any Note upon the trust estate created by this Agreement for the foregoing fees, charges and expenses incurred by the Trustee, which shall include any funds held or invested in the Note Fund.

Section 803. Intervention by Trustee.

In any judicial proceeding to which the City is a party and which in the opinion of the Trustee has a substantial bearing on the interests of the Noteholders, the Trustee may intervene on behalf of Noteholders and, subject to Section 801(k), shall do so if requested by the holders of 25% in aggregate principal amount of Notes then Outstanding.

Section 804. Merger or Consolidation of Trustee.

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall be and

become successor Trustee hereunder and vested with all the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 805. Resignation by Trustee.

The Trustee may, at any time, resign from the trusts hereby created by giving 30 days' notice to the City and each holder of Notes then Outstanding. Such resignation shall only take effect upon the appointment of a successor or temporary Trustee by the Noteholders, the City or a court of competent jurisdiction.

Section 806. Removal of Trustee.

The Trustee may be removed at any time (a) by an instrument or concurrent instruments in writing delivered to the Trustee and the City and signed by the holders of a majority in aggregate principal amount of Notes then Outstanding or (b) by the City by notice in writing given by an Authorized City Representative to the Trustee at least 60 days before the removal date; provided, however, that the City shall have no right to remove the Trustee during any time when an Event of Default has occurred or is continuing or when an event has occurred and is continuing or a condition exists that with the giving of notice or the passage of time, or both, would be an Event of Default. The removed Trustee shall return to the City the amount of the Trustee's annual fee allocable to the portion of the current year remaining after the removal date. Notwithstanding the foregoing, nothing contained in this Agreement shall relieve the City of its obligation to pay the Trustee's fees and expenses incurred to the date of such removal. Such removal shall take effect upon the appointment of a successor Trustee or the earlier appointment of a temporary Trustee by the Noteholders, the City or a court of competent jurisdiction.

Section 807. Appointment of Successor Trustee by Noteholders; Temporary Trustee.

In case the Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor may be appointed by the holders of a majority in aggregate principal amount of Notes then Outstanding, by an instrument or concurrent instruments in writing signed by such holders; provided, however, that in case of such vacancy the City, by an instrument signed by an Authorized City Representative, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Noteholders in the manner provided above; and any such temporary Trustee so appointed by the City shall immediately and without further act be superseded by the Trustee so appointed by such Noteholders. Every such Trustee appointed pursuant to this section shall be, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms, (a) a bank or trust company transacting business in the Commonwealth of Virginia, in good standing and having a combined capital, surplus and undivided profits of not less than $100,000,000 or (b) a subsidiary trust company

under the Trust Subsidiary Act, Article 3.1, Chapter 2, Title 6.1, of the Virginia Code, or any successor provision of law, whose parent Virginia bank or bank holding company has undertaken to be responsible for the acts of such subsidiary trust company pursuant to the provisions of Section 6.1-32.7(a) of the Trust Subsidiary Act, or any successor provision of law, and whose combined capital, surplus and undivided profits, together with that of its parent Virginia bank or bank holding company, as the case may be, is not less than $50,000,000. If a successor Trustee or a temporary Trustee has not been so appointed within 45 days after such vacancy, the resigning Trustee may petition a court of competent jurisdiction for the appointment of a successor Trustee.

Section 808. Concerning any Successor Trustee.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed of conveyance, shall become fully vested with all the properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the request of the City, and upon the payment of its outstanding charges, execute and deliver an instrument transferring to such successor Trustee all the properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such successor the properties, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

Section 809. Trustee Protected in Relying on Agreements, Etc.

The resolutions, opinions, certificates and other instruments provided for in this Agreement may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder or the taking of any other action by the Trustee as provided hereunder.

Section 810. Successor Trustee as Paying Agent, Registrar and Custodian of Funds.

In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be paying agent and registrar for the Notes and custodian of the Funds created hereunder and held by the Trustee, and the successor Trustee shall become such paying agent and custodian.

ARTICLE IX

DISCHARGE OF AGREEMENT

Section 901. Discharge of Liens and Pledges; Notes No Longer Deemed to Be Outstanding Hereunder.

The obligations of the City under this Agreement and the liens, pledges, charges, trusts, covenants and agreements of the City herein made or provided for, shall be fully discharged and satisfied as to any Note and such Note shall no longer be deemed to be Outstanding hereunder:

(a) when such Note shall have been cancelled, or shall have been surrendered for cancellation and is subject to cancellation; or shall have been purchased by the City from moneys in the Note Fund;

(b) as to any Note not cancelled or so purchased or so surrendered for cancellation and subject to cancellation, when (1) payment of the principal and the applicable premium of such Note, plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or otherwise) shall have been made or caused to be made in accordance with the terms thereof, or (2) payment of the principal and the applicable premium of such Note, plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or otherwise) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably appropriating and setting aside exclusively for such payment (i) moneys sufficient to make such payment or (ii) Government Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, or (iii) a combination of both such moneys and Government Obligations, and (iv) payment of all necessary and proper fees, costs, and expenses of the Trustee satisfactory to the Trustee shall have been made in connection with the Notes and the administration of this Agreement.

Notwithstanding the foregoing, in the case of a Note which by its terms may be redeemed or otherwise prepaid prior to the stated maturity thereof, and which the City elects to redeem or prepay, no deposit under clause (2) of subparagraph (b) above shall constitute such payment, discharge and satisfaction as aforesaid until such Note shall have been irrevocably called or designated for redemption or prepayment and proper notice of such redemption or prepayment shall have been previously mailed in accordance with Section 402 of this Agreement, or irrevocable provision shall have been made for the giving of such notice; provided that nothing in this Article shall require or be deemed to require the City to elect to redeem or prepay any such Note.

In the event the City elects to redeem or prepay any such Note, nothing in this Article shall require or be deemed to require the redemption or prepayment as of any particular date or dates.

Notwithstanding any provision of any other Article of this Agreement which may be contrary to the provisions of this Article, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Notes (including interest and premium, if any, thereof) shall be applied to and used solely for the payment of the particular Notes (including interest and premium thereof) with respect to which such moneys and Government Obligations have been so set aside in trust.

In the event that all of the Notes secured by this Agreement are paid or deemed paid in accordance with the terms of this Agreement, then the right and interest of the Trustee in and to the trust estate and all covenants, agreements and other obligations of the City to the registered holders of the Notes will cease and be discharged and satisfied. In the event the Notes of any maturity are paid or deemed to be paid in accordance with the terms of this agreement, then such Notes will cease to be entitled to any lien, benefit or security under this Agreement (other than the right to receive payment) and all covenants, agreements and other obligations of the City to the registered holders of such Notes will cease and be discharged and satisfied.

ARTICLE X

MISCELLANEOUS

Section 1001. Consents, etc., of Noteholders.

Any consent, request, direction, approval, objection or other instrument **(collectively, a "Consent")** required by this Agreement to be executed by the Noteholders may be in any number of concurrent writings of similar tenor and may be executed by such Noteholders in person or by agent appointed in writing. Proof of the execution of a Consent or of the writing appointing any such agent shall be sufficient for any of the purposes of this Agreement and shall be conclusive in favor of the City with regard to any action taken under the Consent if the fact and date of the execution by any person of any such writing is proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

Section 1002. Limitation of Rights.

With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Agreement or the Notes is intended or shall be construed to give to any person other than the parties hereto and the holders of the Notes any legal or equitable right, remedy or claim under or in respect to this Agreement or any covenants, conditions and agreements herein contained since this Agreement and all of the covenants, conditions and agreements hereof are intended to be and is for the sole and exclusive benefit of the parties hereto and the holders of the Notes as herein provided.

Section 1003. Limitation of Liability of City, Etc.

No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member of the City or officer, director, employee or agent of the City in his individual capacity, and neither the members of the City nor any officer or director of the City executing the Notes shall be liable personally on the Notes or be subject to any personal liability or accountability by reason of the issuance thereof. No member of the City or officer, director, employee, agent or advisor of the City shall incur any personal liability with respect to any other action taken by him pursuant to this Agreement or the Act.

Section 1004. Severability.

If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof and this Agreement shall be construed and enforced as if such illegal provision had not been contained herein.

Section 1005. Notices.

Unless otherwise provided herein, all demands, notices, approvals, consents, requests, opinions and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the City, at 135 North Union Street, Petersburg, Virginia 23803 (Attention: City Manager), (b) if to the Trustee, at UMB Bank, N.A., 120 South Sixth Street, Suite 1400, Minneapolis, Minnesota 55402 (Attention: Corporate Trust Services) of (c) if to the Placement Agent, at Crews and Associates, 521 President Clinton Avenue, Suite 800, Little Rock, Arkansas 72201. The City, the Placement Agent and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 1006. Successors and Assigns.

This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 1007. Applicable Law.

This Agreement shall be governed by the applicable laws of the Commonwealth of Virginia.

Section 1008. Counterparts.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument. The parties

hereto agree the transactions described herein may be conducted and related documents may be sent and stored by electronic means.

IN WITNESS WHEREOF, the City and the Trustee have caused this Agreement to be executed in their respective corporate names as of the date first above written.

CITY OF PETERSBURG, VIRGINIA

By_____
Mayor

UMB BANK N.A.,
as Trustee

By_____
Authorized Officer

EXHIBIT A

FEE SCHEDULE

Trustee and Paying Agent Fee = $5,000

EXHIBIT B

SINKING FUND PAYMENT SCHEDULE

	Rate	4.50%					
	Amount	6,500,000.00					
	Payment	673,806.25					
		Stated Payment Schedule			Monthly Funding and Accumulated Balance		
		Principal	Interest	Total	Funding schedule	Accumulated Balance	Accumulated Balance Less Payment
Assumed Closing Date	12/8/2016						
	1/1/2017				673,806.25	673,806.25	673,806.25
	2/1/2017				673,806.25	1,347,612.50	1,347,612.50
	3/1/2017				673,806.25	2,021,418.75	2,021,418.75
	4/1/2017				673,806.25	2,695,225.00	2,695,225.00
	5/1/2017				673,806.25	3,369,031.25	3,369,031.25
Interest Payment	6/1/2017		140,562.50	140,562.50	673,806.25	4,042,837.50	3,902,275.00
	7/1/2017				673,806.25	4,716,643.75	4,576,081.25
	8/1/2017				673,806.25	5,390,450.00	5,249,887.50
	9/1/2017				673,806.25	6,064,256.25	5,923,693.75
Maturity Date	10/1/2017	6,500,000.00	97,500.00	6,597,500.00	673,806.25	6,738,062.50	0.00
		6,500,000.00	238,062.50	6,738,062.50	6,738,062.50		

APPENDIX E

CITY BOND COMPLIANCE POLICIES AND PROCEDURES

CITY OF PETERSBURG
BOND COMPLIANCE POLICIES AND PROCEDURES

Statement of Purpose:

The City may, from time to time, finance its capital improvements and operations through the issuance of debt obligations that are eligible for tax benefits under federal and state law. Such obligations may include tax exempt bonds and/or bonds eligible for tax credits (direct subsidies to the City or tax credits to bond owners). All such obligations are referred to herein as "**City Bonds,**" whether in the form of general obligation bonds, revenue bonds, bond anticipation notes, tax/revenue anticipation notes, lease-purchase obligations, installment-purchase obligations, tax increment bonds or otherwise.

The purpose of these policies and procedures is to ensure that the requirements of the federal and state law necessary to preserve the tax advantages of City bonds are continuously complied with for the requisite periods.

These policies and procedures may be modified, expanded, abridged, or otherwise amended by the City Manager.

A. General Policies and Procedures

1. The City Manager shall identify an appropriate staff member (the Director of Finance) to be responsible for monitoring post-issuance compliance issues. The City Manager shall be responsible for ensuring an adequate succession plan for transferring post-issuance compliance responsibility when changes in staff occur.

2. The Director of Finance or designee will coordinate procedures for record retention and review of such records.

3. The Director of Finance or designee will review post-issuance compliance procedures and systems on a periodic basis, but not less than annually.

4. Overall administration and coordination of this policy is the responsibility of the City Manager. Such person shall be responsible for identifying any violations of federal tax requirements relating to the bonds and shall consult with Bond Counsel as to the best method for the timely correction of any identified violations either through available remedial actions or through the IRS's Voluntary Closing Agreement Program.

B. Issuance of Obligations

The Director of Finance or designee will:

1. Obtain and store a closing binder and other electronic copy of the relevant and customary transaction documents.

2. Confirm that Bond Counsel has filed the applicable information report (e.g., Form 8038-G, Form 8038-CP) for such issue with the IRS on a timely basis.

3. Coordinate receipt and retention of relevant books and records with respect to the investment of expenditure of the proceeds of such Obligations with other City staff.

C. Expenditure of Proceeds

The Director of Finance or designee will:

1. Coordinate the tracking of expenditures, including the expenditure of any investment earnings.

2. Only permit bond proceeds to be expended for capital expenditures, costs of issuance of the issue, or other costs permitted by law.

3. Monitor the expenditure of proceeds against the tax certificate expectation.

4. Monitor the expenditure of proceeds against the schedule for the arbitrage rebate exception or exceptions identified in the tax certificate.

5. Consult with Bond Counsel after issuance to ensure that all applicable post-issuance requirements are met, including without limitation consultation in connection with the contracts with respect to the use of bond financed assets.

D. Investment of Proceeds

Investment of bond proceeds will be done in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Director of Finance or other staff member designated by the City Manager, under the direction of the Treasurer. All proceeds will be deposited and maintained in separate account(s). The investment of bond proceeds shall comply with the following:

1. Investments will be purchased only in market transactions at fair market value.
2. Calculations of rebate liability will be performed periodically as set forth in the tax certificate by outside consultants unless the City is eligible for an exception to the rebate liability.
3. Rebate payments, if required, will be made with Form 8038-T no later than 60 days after each fifth anniversary of the date of issuance and the final retirement of the issue. Compliance with rebate requirements will be reported to any bond trustee.

E. Debt Service Payments

The Director of Finance or designee will:

1. Ensure the Finance Department receives all debt service invoices in a timely manner. If not delivered directly to the office, the trustee will be contacted for an invoice.

2. Record all wire transfers for such invoices in the general ledger for all debt service payments.

3. Adjust all bonds payable accounts for principal payments completed during the fiscal year.

F. Continuing Disclosure Requirements

The Director of Finance or designee will:

1. Coordinate and monitor continuing disclosure requirements with all outstanding bond issues.

2. Maintain Electronic Municipal Market Access (EMMA) system registration with the Municipal Securities Rulemaking Board (MSRB) to submit electronic copies of the Comprehensive Annual Financial Report or other compliance documents necessary to meet compliance requirements.

3. Send the Comprehensive Annual Financial Report to all national and/or state repositories, as required.

4. Notify the trustee for each bond issue when continuing disclosure requirements have been met.

G. Records

1. Records will be retained for the life of the bond issue, plus any refunding, plus five years. Records may be in the form of documents or electronic copies of documents.

2. Retainable records pertaining to bond issuance include the transcript of the documents executed in connection with the issuance of bonds and any amendments, and copies of rebate calculations and records of payments.

3. Retainable records pertaining to expenditures of bond proceeds include requisitions, trustee statements (if any), investment agreements and final allocation of proceeds.

4. Retainable records pertaining to the types of facilities financed with the proceeds of an issue include whether such facilities are land, buildings or equipment, economic life calculations and information regarding depreciation and contracts involving the use of facilities.

H. Potential Non-compliance

1. Upon discovery of any potential non-compliance with any requirements of federal or Virginia law necessary to preserve the tax advantage of City Bonds, the Director of Finance will promptly consult with Bond Counsel to determine if non-compliance, in fact, occurred, and if so, what actions are needed to remedy such non-compliance.

APPROVED:

Tom Tyrrell, Interim City Manager

DATED:

11/22/16

APPENDIX F

TEXT OF SECTION 15.2-2629 OF THE CODE OF VIRGINIA OF 1950, AS AMENDED

Code of Virginia
Title 15.2. Counties, Cities and Towns
Chapter 26. Public Finance Act

§ 15.2-2629. Loans to meet appropriations for current year.

Any locality may borrow money and issue its notes in anticipation of the collection of the taxes and revenues of the locality for the current year, but the principal amount of the notes may not exceed the anticipated revenues for such year. Such notes shall mature and be paid within one year from the date they are issued. No extension of such notes shall be valid and no additional notes shall be issued under this section until all notes issued during preceding years have been paid.

1991, c. 668, § 15.1-227.30; 1997, c. 587.

APPENDIX G

AMENDED BUDGET FOR THE CITY
FOR FISCAL YEAR ENDING JUNE 30, 2017

Amended FY 17 All Funds Budget Summary

All Funds Budget Summary
City of Petersburg

	General Fund	Special Revenue Fund	CDBG Fund	Utilities Fund	Mass Transit Fund	Dogwood Trace Golf Fund	Petersburg Generals Fund	Stormwater Fund	Total All Funds	Total All Funds (Net of Transfers)
1 REVENUES										
2 Total Revenue	$ 64,834,925	$ 10,206,114	$ 596,163	$ 10,200,142	$ 2,645,047	$ 856,000	$ 25,000	$ 1,181,967	$ 90,545,357	$ 90,545,357
3 Transfer In from General Fund	NA	-	-	-	224,484	113,467	64,616	-	402,567	-
4 Total Revenues	64,834,925	10,206,114	596,163	10,200,142	2,869,531	969,467	89,616	1,181,967	90,947,924	90,545,357
5										
6 EXPENDITURES										
7 Expenditures (Excl Debt Service)	$ 56,695,689	$ 10,206,114	$ 596,163	$ 9,112,630	$ 2,869,531	$ 702,342	$ 89,616	$ 540,442	$ 80,812,527	$ 80,812,527
8 Debt Service	5,025,993	-	-	1,087,512	-	267,125	-	641,524	7,022,154	7,022,154
9 Transfers out										
10 To Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
11 To Mass Transit	224,484	-	-	-	-	-	-	-	224,484	-
12 To Dogwood Trace	113,467	-	-	-	-	-	-	-	113,467	-
13 To Petersburg Generals	64,616	-	-	-	-	-	-	-	64,616	-
14 Subtotal Expenditures & Transfers out	$ 62,124,249	$ 10,206,114	$ 596,163	$ 10,200,142	$ 2,869,531	$ 969,467	$ 89,616	$ 1,181,967	$ 88,237,248	$ 87,834,682
15 General Fund Contingency	2,710,675	NA	NA	NA	NA	NA	NA	NA	2,710,675	2,710,676
16 Total Expenditures/Transfers Out/Cont.	64,834,925	10,206,114	596,163	10,200,142	2,869,531	969,467	89,616	1,181,967	90,947,924	90,545,357

Amended FY17 Budget Synopsis

Department\Agency	Dept#	Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
City Council	11010	$ 231,555	$ 221,063	$ 296,050	$ 296,050	$ 232,251
City Manager	12110	659,179	634,480	566,578	566,578	539,330
Hispanic Liaison	12130	107,697	104,651	106,414	106,414	26,606
City Attorney	12210	341,355	-	320,762	320,762	291,735
Human Resources	12220	318,384	306,263	299,156	299,156	273,061
Com of Revenue	12310	351,928	340,862	426,044	426,044	426,044
Assessor	12320	490,115	471,491	471,141	471,141	531,248
Treasurer	12410	482,421	464,089	420,536	420,536	400,219
Finance	12420	686,936	660,832	586,573	586,573	546,000
Purchasing	12470	299,041	287,677	287,677	287,677	278,772
Information Systems	12510	1,107,281	1,065,204	870,654	870,654	833,632
Fleet & Equip Management	12520	1,802,003	1,733,527	547,522	608,012	596,590
Registrar	13700	320,951	348,108	324,721	324,721	324,721
Judge- Circuit Court	21100	75,008	104,639	104,639	104,639	104,639
Gen- District Court	21200	52,800	50,700	40,700	40,700	40,700
Magistrate	21300	39,400	41,584	41,584	41,584	41,584
Juv Justice	21400	89,288	85,836	88,636	88,636	88,636
J & DR Court	21500	12,765	12,000	12,000	12,000	12,000
Clerk - Circuit Court	21600	704,366	691,150	677,650	677,650	677,650
Juv Court Services	21700	189,040	180,461	157,607	157,607	157,607
Commonwealth Attorney	22100	1,083,048	1,091,467	1,085,247	1,085,247	1,085,247
Police	31100	9,072,178	8,727,389	8,341,393	8,341,393	7,086,251
Emergency Communications	31200	1,784,761	1,823,369	1,705,549	1,705,549	1,606,430
Fire	32100	6,379,479	6,670,380	6,143,589	6,143,589	4,922,393
Code Compliance	32200	844,698	798,775	783,598	783,598	195,900
City Jail	33100	1,439,430	1,384,732	1,409,322	1,409,322	1,409,324
Animal Warden	35100	310,725	331,372	298,940	298,940	279,333
Engineering	41100	142,141	141,541	212,978	212,978	195,216
Refuse Collection	42300	1,580,000	1,519,960	1,519,960	1,519,960	1,519,960
Grounds	43100	771,471	742,155	691,333	691,333	652,841
Fac Management	43200	2,353,090	2,245,586	2,181,848	2,181,848	2,118,335
Health	51200	603,258	562,206	562,206	562,206	562,206
Soc Services	53501	8,488,906	8,165,178	8,108,111	8,108,111	8,108,111
CSA	53801	3,093,626	2,970,169	2,976,259	2,976,259	2,976,259
Parks & Leisure Svcs	71300	957,595	911,038	904,742	904,742	704,186
Cemeteries	71400	157,789	151,793	142,573	142,573	136,048
Public Library	73100	1,005,989	967,760	1,005,989	1,005,989	761,635
Combined Planning Dept-fy17		-	-	-	382,898	-
Planning/Econ Development	81500	519,978	502,422	641,323	641,323	592,709
Museums Visitor Svcs	81600	740,125	664,280	672,386	672,386	267,737
Special Events	81700	374,667	269,631	114,537	114,537	109,958
Risk Management	91400	1,415,433	1,325,626	1,647,389	1,647,389	1,638,601
Non Departmental	92101	7,147,001	5,432,606	5,568,460	5,568,460	4,867,222
Debt Service	95101	4,580,327	4,943,477	4,943,477	4,943,477	5,025,993
Schools Apropriation	99250	11,662,512	11,662,512	11,895,762	11,895,762	8,474,762
Petersburg Generals Subsidy	555	198,011	64,500	64,616	64,616	64,616
Municipal Golf Course Subsidy	550	262,043	172,289	143,467	143,467	113,467
Mass Transit Subsidy	575	246,592	558,653	546,546	224,484	224,484
Total Fund 100		**$ 75,486,587**	**$ 72,625,483**	**$ 70,958,245**	**$ 71,079,571**	**$ 62,124,249**
Total Special Fund						$ 10,206,114
Total CDBG						$ 596,163
Total Utilities						$ 10,200,142
Total Transit						$ 2,869,531
Total Generals						$ 89,616
Stormwater						$ 1,181,967
Total Golf						$ 969,467
						$ 88,237,249
Less interfund transfers						$ 402,567
Plus Contingency						$ 2,710,676
Net Budget						$ 90,545,358
Total Original Budget						$ 102,312,073
Difference						$ 11,766,715

General Fund Revenues

Fund	Name	Account	Decription	Actual FY15	Adopted FY16	Adopted FY17	Amended FY17
100	General	11010	Delinquent Taxes RE	$ 1,430,598	$ 2,491,686	$ 1,770,171	$ 1,148,854
100	General	11010	Current Taxes RE	21,999,834	23,489,348	22,325,235	20,814,693
100	General	11020	Current Taxes PSC	1,722,866	1,700,000	1,638,001	1,472,124
100	General	11031	Delinquent Taxes PP	551,352	1,282,020	878,773	1,096,228
100	General	11031	Current Taxes PP	3,552,625	3,675,437	3,453,059	4,029,704
100	General	11032	Mobile Home Taxes	14,769	18,079	17,251	16,255
100	General	11040	Machinery & Tools Taxes	2,437,432	3,585,220	2,500,000	1,470,836
100	General	11060	Pen Int & Adv on Taxes	439,648	722,204	866,747	758,725
100	General	11060	Interest-All Property Tax	409,640	-	-	
			Total Property Taxes	**$ 32,558,764**	**36,963,994**	**$ 33,449,238**	**$ 30,807,419**
100	General	12010	Sales and use Taxes	$ 3,715,835	$ 3,747,000	$ 3,685,105	$ 3,368,106
100	General	12010	Communications Tax	1,833,573	-	1,886,695	1,341,519
100	General	12020	Taxes on Util Chgs	1,715,224	3,555,908	2,139,109	1,902,358
100	General	12025	E-911 Tax	359,861	-	-	337,742
100	General	12030	Bus & Occup Licenses	2,797,490	2,845,099	2,833,197	2,657,512
100	General	12040	Bank Stock Taxes	174,743	191,274	175,275	193,150
100	General	12050	Motor Vehicle Licenses	420,191	505,000	480,345	281,383
100	General	12070	Recordation Taxes	225,778	182,346	189,415	110,095
100	General	12070	Tax on Wills and Adm	5,115	4,718	5,446	41,015
100	General	12080	Cigarette Taxes	-	-	-	-
100	General	12080	Cigarette Taxes	190,558	225,000	213,007	953,502
100	General	12090	Adm & Amuse Taxes	6,271	7,200	6,655	8,103
100	General	12100	Lodging Taxes	256,521	278,889	273,297	411,225
100	General	12110	Meal Taxes	2,571,792	2,734,272	2,700,382	2,709,472
			Total Local Fees	**$ 14,272,952**	**14,276,706**	**$ 14,587,928**	**$ 14,315,183**
100	General	13010	Animal Licenses	$ 6,420	$ 6,265	$ 6,319	$ 3,660
100	General	13030	Building Permits	192,401	120,000	136,230	88,988
100	General	13030	Electrical Permits	40,553	26,000	31,883	18,322
100	General	13030	Plumbing Permits	11,916	16,045	15,013	10,448
100	General	13030	Mechanical Permits	22,857	20,000	23,552	18,261
100	General	13030	Fire Permits	3,195	5,000	4,190	3,030
100	General	13030	Special Use Permits	9,000	6,000	4,575	7,000
100	General	13030	Pub Veh Oper Lic Fees	1,580	2,375	2,176	1,410
100	General	13030	Erosion and Sediment Contr	2,250	4,231	3,736	1,350
100	General	13030	Burial Permits and Fees	19,850	12,843	14,595	14,100
100	General	13030	Solicitation Permits	1,952	1,900	1,945	1,358
100	General	13030	Demolition Fees	4,122	12,000	4,609	2,635
100	General	13030	Grass Cutting Fees	57,000	50,000	42,081	22,226
100	General	13030	Parking Lot Rental	26,662	30,928	29,862	21,042
100	General	13030	Securing Building	-	-	-	384
100	General	13030	Fuel	82,523	219,495	185,252	34,492
100	General	13030	Right of Way Permit Fees	124,250	250,000	119,420	71,510
100	General	13030	Home Occupation Fees	4,200	4,000	3,067	4,350
100	General	13030	Business License Zoning Permit Fee	12,725	10,700	12,488	85,565
100	General	13030	Rezoning Fees	6,000	12,000	3,000	1,500
100	General	13030	Site Plan Fees	-	4,800	-	654

General Fund Revenues

Fund	Name	Account	Decription	Actual FY15	Adopted FY16	Adopted FY17	Amended FY17
100	General	13030	Special Use Exceptions	2,000	2,000	2,750	1,000
100	General	13030	Sign Permits	5,675	3,150	5,825	7,350
100	General	13030	3rd Summittal Review Fees	7,780	5,000	8,209	7,439
100	General	13030	Zoning Confirmation Letter Fee	4,853	-	2,801	2,600
100	General	13030	Ordinace Amendment Fee	-	-	-	-
100	General	13030	Boundary Line Adjusment Fee	25	1,300	-	25
100	General	13030	Re-Inspection	-	-	-	160
100	General	13030	Vacant Property Registry	10,000	-	5,200	64,051
100	General	13030	Property Easement Fees	2,375	75	3,588	-
100	General	13030	Historic Guidelines	100	50	-	50
100	General	13030	Street name Change Fee	200	6,000	-	-
100	General	13030	Subdivision Final	250	4,800	-	-
			Total Permits, Fees, Licenses	**$ 662,714**	**836,978**	**$ 672,364**	**$ 494,960**
100	General	14010	Fines and Forfeitures	$ 406,440	$ 589,393	$ 449,145	$ 295,527
100	General	14010	Fines/Redflex	275,279	250,000	275,000	127,899
100	General	14010	Parking Fines	11,376	16,115	14,930	7,528
100	General	14010	Interest on Fines & Forfeitures	20,701	20,228	20,346	17,383
100	General	14010	Decal Violations Fines	51,560	54,033	53,415	27,594
100	General	14010	Admin Fees Treasurer Office	3,609	15,000	13,944	8,405
100	General	14010	DMV Stop Fees	44,485	28,820	37,523	18,061
			Total Fines & Forfeitures	**$ 813,450**	**973,589**	**$ 864,304**	**$ 502,397**
100	General	15010	Interest on Bank Deposits	$ (24,126)	$ -	$ 112,848	$ -
100	General	15020	Rental of General Property	179,570	315,594	251,908	133,798
100	General	15020	Rental of Library Meeting Rooms	-	1,000	-	-
100	General	15020	Concession Rentals and Commissions	-	2,000	2,000	524
100	General	15020	Special Event Fees	56,947	500	1,000	21,145
100	General	15020	Special Event Fees - Public Works	5,623	-	4,369	44,005
100	General	15020	Tourism-Special Event Fees	950	1,000	1,277	375
100	General	15020	Filming Fees	-	10,000	7,305	353
			Total Property Rental	**$ 218,964**	**330,094**	**$ 380,706**	**$ 200,199**
100	General	16000	EMS-Transportation	$ 234,292	$ 335,000	$ 54,541	$ 321,123
100	General	16010	Fees of Court Officers	8,146	9,573	10,170	9,252
100	General	16010	Court Appointed Attorney	10,056	17,241	15,445	10,070
100	General	16010	Courthouse Maint Fees	33,803	40,856	38,261	29,230
100	General	16010	Courthouse Security Fees	98,685	102,100	107,183	77,039
100	General	16010	Real Estate Transfer Fees	750	600	676	669
100	General	16010	Proposal Review Fees	13,612	-	26,388	-
100	General	16010	Credit Card Processing Fee	48,045	20,000	38,293	53,589
100	General	16020	Commonwealth Atty Fees	5,481	5,071	5,174	6,510
100	General	16030	Accident Report Fees	5,977	4,353	4,687	4,370
100	General	16030	Weapon Permits	5,486	6,417	6,185	13,567
100	General	16040	Fire & Rescue Services	490	1,280	1,083	550
100	General	16060	Animal Protection	4,138	2,455	2,876	3,449
100	General	16080	Waste Disposal Fees	1,728,983	1,985,000	1,823,000	1,472,728
100	General	16080	Landfill Host Fee	5,000	600,000	500,000	505,468

General Fund Revenues

Fund	Name	Account	Decription	Actual FY15	Adopted FY16	Adopted FY17	Amended FY17
			Landfill - Liaison Reimbursement	-	50,000	55,000	88,750
100	General	16090	Cemetary Admin Fees	9,025	7,000	8,050	11,200
100	General	16130	Recreational Fees	18,424	21,600	23,652	19,183
100	General	16140	Tourism Admission Fees	20,100	32,000	29,874	16,490
100	General	16140	Sales Gift Shop	27,445	30,000	29,523	10,674
100	General	16140	Sales Central Store	98,883	-	-	72,926
100	General	16140	Sales Library Gift Shop	1,420	3,000	885	1,399
100	General	16150	Library Café Rent	4,550	6,000	5,000	3,500
100	General	16150	Library Café Commission	127	1,000	1,000	776
100	General	16150	Library Fines and Fees	39,671	25,000	26,346	41,523
100	General	16160	Sale of Publications	236	1,000	391	538
100	General	16190	Bulk Waste Payment	3,360	2,500	5,492	3,447
100	General	16190	Taxes	(22,526)	0	(11,497)	(104,425)
			Total Charge for Services	**$ 2,403,659**	**3,309,046**	**$ 2,807,675**	**$ 2,673,594**
100	General	18030	Rebates and Refunds	$ 4,572	$ 7,000	$ 9,653	$ 4,600
100	General	18030	Copying Fee	64	-	-	41
100	General	18030	Vending Machine Commission	89	-	-	44
100	General	18030	Expenditure Refunds-Other	14,035	-	12,254	8,634
100	General	18990	Primary Fees	2,484	-	946	-
100	General	18990	Payment In Lieu of Taxes	27,166	30,000	30,485	31,971
100	General	18990	Gifts and Donations	11,225	4,500	19,103	3,046
100	General	18990	Sale of Salvage and Scrap	34,910	10,000	13,227	13,509
100	General	18990	Sale of Property	(378,281)	-	-	-
100	General	18990	Utility Cuts	-	-	-	-
100	General	18990	Burial Charges	-	-	-	-
100	General	18990	Sale of Cemetry Lots	21,570	18,600	18,130	13,500
100	General	18990	Canteen Commission	96,218	-	-	-
100	General	18990	Purchasing Bid Service	-	-	-	9,705
100	General	18990	QTSB Interest Subsidy	-	-	-	-
100	General	18990	Gold Sponsorship Program	10,000	-	-	-
100	General	18990	Gifts & Donations-Fam Stab	-	-	-	-
100	General	18990	Sale of Properties-Clerk	-	-	57,571	1,235
100	General	18990	Cash Over & Short	11	-	-	364
100	General	18990	Misc.Other	999,561	-	-	-
100	General	18990	Bad Check Fee Charges	2,150	3,000	2,903	6,565
			Total Misc Revenue	**$ 845,774**	**73,100**	**$ 164,271**	**$ 93,215**
100	General	19010	Recoveries & Rebates	$ 83,108	$ 160,000	$ 235,915	$ 80,507
100	General	19020	Treasurer's Advertising	-	-	-	21,279
100	General	19020	Professional Services	42,219	5,000	22,544	34,945
100	General	19020	Staples/BOA	-	-	-	3,070
100	General	19020	Insurance Recoveries	20,905	0		11,809
			Total Recovered Cost	**$ 146,232**	**165,000**	**$ 258,459**	**$ 151,611**
100	General	19020	Payment In Lieu of Taxes (Utilites)	$ -	$ 135,000	$ 135,000	$ -
100	General	19020	General Fund Staff Support (CDBG)	-	0		
			Total Transfer from Other Fund	**$ -**	**135,000**	**$ 135,000**	**$ -**

General Fund Revenues

Fund	Name	Account	Decription	Actual FY15	Adopted FY16	Adopted FY17	Amended FY17
100	General	22010	Sales Taxes Mob Homes Title	$ 900	$ -	$ 1,628	$ 465
100	General	22010	Grantor Taxes	71,067	60,000	58,066	61,346
100	General	22010	Rolling Stock Taxes	82,078	90,154	88,135	1,645
100	General	22010	Auto Rental Tax	114,655	121,869	120,066	130,526
100	General	22011	PPTRA	2,726,040	2,726,040	2,726,040	2,726,040
100	General	23010	State Share-Comm Atty	718,917	694,390	718,917	715,591
100	General	23020	State's Share-Sheriff	2,790,945	553,000	553,000	593,845
100	General	23030	State's Share-Comm of Revenue	144,317	152,646	144,317	143,367
100	General	23040	State's Share-Treasurer	110,519	110,238	110,519	112,589
100	General	23050	Med Examiner	-	-	-	-
100	General	23060	Registrar/Electoral Boards	40,894	41,168	40,894	40,353
100	General	23060	Fine & Fee Registrar\Elec Boards	3,307	1,500	4,177	31,684
100	General	23070	Clerk of the Circuit Court	333,045	342,559	334,555	336,334
100	General	24010	Public Assistance Grants	3,004,668	2,963,237	2,623,964	2,623,964
100	General	24010	Comprehensive Services Act	-	-	-	-
100	General	24010	Comprehensive Services	1,910,671	1,881,425	1,917,382	1,924,151
100	General	24010	State & Local Foster Care	-	-	-	-
100	General	24010	State Share-Law Enforcement	2,022,317	2,022,236	2,022,317	2,022,236
100	General	24040	Cameron Foundation	-	-	-	-
100	General	24040	Street Const & Maint	5,289,868	-	-	-
100	General	24040	Cert Grant	-	-	-	-
100	General	24040	Library Funds-State	145,621	145,774	142,172	108,290
100	General	24040	Four-For-Life	-	-	-	25,000
100	General	24040	State Fire Program Funds	-	-	-	-
100	General	24040	Motor Vehicle-State	-	-	-	130,526
100	General	24040	Emerg Med - Sheriff	4,222	-	-	-
100	General	24040	Juror Fees		-	1,206	-
100	General	24040	Petty Juror Fees	29,220	14,760	21,990	8,820
100	General	24040	Police highway Safety Grant	-	-	3,054	-
			LEMPG - Fire	-	-	-	-
100	General	24040	VA E 911	845	395,331	386,464	-
100	General	33040	Social Services Federal	4,602,161	4,385,317	4,663,290	3,840,066
100	General	33010	Emergency Management PREPA		-	-	-
100	General	33040	CSA Federal	186,673	274,019	-	-
100	General	33010	Record System Grant-Police		-	-	-
100	General	33010	Sworn Officer Grant - ARRA	-	-	-	-
100	General	33010	Police Atech ARRA Grant		-	-	-
100	General	33010	Other Federal Grants		-	-	-
100	General	33060	Library-E Rate	13,075	23,453	16,125	19,510
100	General	4000	Bond Proceeds		-	-	-
100	General	41040	Proceeds from Capital Leases	703,066	-	-	-
100	General	41050	Transfer From Community Development	-	87,567	-	-
100	General	41050	Transfer from Perpetual CA	-	-	-	-
100	General	41050	Transfer From Hospital Tru	-	-	-	-
			Total Revenue from Other Agencies	**$ 25,049,111**	**$ 17,086,683**	**$ 16,698,277**	**$ 15,596,347**

General Fund Revenues

Fund	Name	Account	Decription	Actual FY15	Adopted FY16	Adopted FY17	Amended FY17
			Total Budget	**$ 76,971,620**	**$ 74,150,190**	**$ 70,018,220**	**$ 64,834,925**

City Council

11010		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 52,250	$ 52,250	$ 52,250	$ 52,250	$ 47,025
1300	PT/Temp Salaries	50,250	50,250	50,250	50,250	50,250
2100	FICA	7,841	7,841	7,841	7,841	7,442
2210	VRS	7,968	6,275	6,275	6,275	5,648
2300	H/C	5,856	5,856	19,044	19,044	19,044
2400	VRS Group Life	690	690	690	690	621
Tot Per Svcs		**$ 124,855**	**$ 123,162**	**$ 136,350**	**$ 136,350**	**$ 130,029**
3160	Miscellaneous	$ 8,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
3190	Other Contractural Svcs.	48,000	48,000	48,000	48,000	48,000
3600	Advertising, Publishing	17,000	15,000	15,000	15,000	15,000
3840	Public Relations	-	-	-	-	-
5210	Postage	400	400	400	400	400
5230	Telephone	-	-	-	-	-
5530	Subsistence & Lodging	8,000	7,201	38,500	38,500	9,761
5560	Travel	8,000	8,000	38,500	38,500	9,761
5810	Dues & Subscriptions	7,000	7,000	7,000	7,000	7,000
5882	Special Events	-	-	-	-	-
6001	Offc Supplies	10,300	10,300	10,300	10,300	10,300
Total Op		**$ 106,700**	**$ 97,901**	**$ 159,700**	**$ 159,700**	**$ 102,222**
Total Budget		**$ 231,555**	**$ 221,063**	**$ 296,050**	**$ 296,050**	**$ 232,251**
	fte	1	1	1	1	
	pt	7.25	7.25	7.25	7.25	

City Manager

12110		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 407,229	$ 341,721	$ 225,231	$ 225,231	$ 202,708
1300	PT/Temp Salaries	-	2,000	-	-	-
2100	FICA	31,153	26,295	17,230	17,230	15,507
2210	VRS	62,102	41,041	27,050	27,050	24,345
2300	H/C	25,776	35,118	28,770	28,770	28,770
2400	VRS Group Life	5,375	4,511	2,973	2,973	2,676
Tot Per Svcs		**$ 531,636**	**$ 450,685**	**$ 301,254**	**$ 301,254**	**$ 274,006**
3600	Advertising, Publishing	$ 2,000	$ 20,000	$ 5,000	$ 5,000	$ 5,000
3190	Other Contractural	100,573	138,000	221,524	221,524	221,524
3840	Public Relations	-	-	-	-	-
5210	Postage	350	350	350	350	350
5230	Telephone	-	-	-	-	-
5410	Rental of Equipment	5,820	5,820	5,820	5,820	5,820
5530	Subsistence & Lodging	2,250	2,250	2,250	2,250	2,250
5560	Travel	2,500	3,500	2,500	2,500	2,500
5810	Dues & Subscriptions	4,000	4,000	2,200	2,200	2,200
6001	Offc Supplies	7,300	7,300	3,000	3,000	3,000
6008	Gas, Grease, & Oil	2,000	2,000	2,000	2,000	2,000
6012	Books & Non Book Media	750	575	680	680	680
6043	Beautifcation Supplies	-	-	20,000	20,000	20,000
Total Op		**$ 127,543**	**$ 183,795**	**$ 265,324**	**$ 265,324**	**$ 265,324**
Total Budget		**$ 659,179**	**$ 634,480**	**$ 566,578**	**$ 566,578**	**$ 539,330**
	fte	5	4	3		

Hispanic Liaison

12130		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 51,640	$ 51,640	$ 51,640	$ 51,640	$ 12,910
1300	PT/Temp Salaries	9,800	11,484	10,800	10,800	2,700
2100	FICA	4,700	4,829	4,777	4,777	1,194
2210	VRS	7,875	6,202	6,202	6,202	1,550
2300	H/C	10,724	13,314	13,314	13,314	3,329
2400	VRS Group Life	682	682	682	682	170
Tot Per Svcs		**$ 85,421**	**$ 88,151**	**$ 87,414**	**$ 87,414**	**$ 21,854**
3120	Other Contractural Svcs.	$ -	$ -	$ -	$ -	$ -
3500	Forms	448	-	-	-	-
3600	Advertising	-	-	-	-	-
5110	Electric Current	-	-	-	-	-
5210	Postage	-	-	-	-	
5230	Telephone	2,100	2,100	2,100	2,100	525
5420	Rent of Property	14,400	14,400	14,400	14,400	3,600
5560	Travel Expenses	1,500	-	-	-	-
5682	Special Events	2,228	-	2,000	2,000	500
6001	Office Supplies	1,100	-	-	-	-
6002	Food	500	-	500	500	125
		-	-	-	-	2
Total Op		**$ 22,276**	**$ 16,500**	**$ 19,000**	**$ 19,000**	**$ 4,752**
Total Budget		**$ 107,697**	**$ 104,651**	**$ 106,414**	**$ 106,414**	**$ 26,606**
	FT	1	0	0		
	PT	1	0	0		

City Attorney

12210		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 229,431	$ -	$ 229,431	$ 229,431	$ 206,488
1300	PT/Temp Salaries	-	-	-	-	-
2100	FICA	17,551	-	17,551	17,551	15,796
2210	VRS	34,988	-	27,555	27,555	24,799
2300	H/C	5,856	-	12,696	12,696	11,426
2400	VRS Group Life	3,028	-	3,028	3,028	2,726
Tot Per Svcs		**$ 290,855**	**$ -**	**$ 290,262**	**$ 290,262**	**$ 261,235**
3190	Other Contractural Svcs.	$ 46,000	$ -	$ 28,000	$ 28,000	$ 28,000
3312	Repairs - Office Equip	-	-	-	-	-
5210	Postage	300	-	300	300	300
5230	Telephone	-	-	-	-	-
5560	Travel Expenses	1,500	-	500	500	500
5810	Dues & Subs	1,200	-	200	200	200
6001	Offc Supplies	1,500	-	1,500	1,500	1,500
6008	Gas, Grease, & Oil	-	-	-	-	-
8202	New Office Equip	-	-	-	-	-
8203	New Furniture & Fixture	-	-	-	-	-
Total Op		**$ 50,500**	**$ -**	**$ 30,500**	**$ 30,500**	**$ 30,500**
Total Budget		**$ 341,355**	**$ -**	**$ 320,762**	**$ 320,762**	**$ 291,735**
	FTE	3	0	0		
	PT		0.00	0.00		

Human Resources

12220		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 199,905	$ 199,905	$ 199,905	$ 199,905	$ 179,915
1300	PT/Temp Salaries	15,652	-	-	-	-
2100	FICA	16,490	15,293	15,293	15,293	13,763
2210	VRS	32,053	24,009	24,009	24,009	21,608
2300	H/C	17,568	17,568	19,101	19,101	17,191
2400	VRS Group Life	2,565	2,639	2,639	2,639	2,375
Tot Per Svcs		**$ 284,234**	**$ 259,413**	**$ 260,946**	**$ 260,946**	**$ 234,851**
2820	Tuition	$ 6,500	$ 8,600	$ 3,000	$ 3,000	$ 3,000
3190	Other Contractural Svcs.	17,500	25,000	24,960	24,960	24,960
3600	Advertising	4,500	5,500	4,500	4,500	4,500
5210	Postage	1,000	1,000	1,000	1,000	1,000
5230	Telephone	-		-	-	-
5510	Training	750	1,500	750	750	750
5560	Travel Expenses	250	-	-	-	-
5810	Dues & Subscriptions	400	750	750	750	750
5882	Special Events	1,500	1,500	1,500	1,500	1,500
6001	Office Supplies	1,750	3,000	1,750	1,750	1,750
8202	New Office Equipment	-	-	-	-	-
Total Op		**$ 34,150**	**$ 46,850**	**$ 38,210**	**$ 38,210**	**$ 38,210**
Total Budget		**$ 318,384**	**$ 306,263**	**$ 299,156**	**$ 299,156**	**$ 273,061**
fte		3	3	3		

Comm of Revenue

12310		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 238,844	$ 243,196	$ 308,196	$ 308,196	$ 308,196
1300	PT/Temp Salaries	-	-	-	-	-
2100	FICA	18,272	18,604	23,577	23,577	23,577
2210	VRS	36,424	29,208	37,014	37,014	37,014
2300	H/C	35,136	38,088	38,088	38,088	38,088
2400	VRS Group Life	3,153	3,210	4,068	4,068	4,068
Tot Per Svcs		**$ 331,828**	**$ 332,307**	**$ 410,944**	**$ 410,944**	**$ 410,944**
3190	Other Contractural Svcs.	$ 2,000	$ 1,000	$ -	$ -	$ -
3312	Repairs - Office Equip	1,000	500	500	500	500
3600	Forms	-	-	-	-	-
5210	Postage	9,500	3,000	9,500	9,500	9,500
5230	Telephone	-	-	-	-	-
5306	Insurance - Surety Bonds	-	-	-	-	-
5540	Conven	300	525	300	300	300
5560	Travel Expenses	300	640	300	300	300
5810	Dues & Subscriptions	500	640	500	500	500
6001	Office Supplies	6,500	2,250	4,000	4,000	4,000
6012	Books/Sub	-	-	-	-	-
8102	Replacement Offc Equip	-	-	-	-	-
8202	New Office Equipment	-	-	-	-	-
Total Op		**$ 20,100**	**$ 8,555**	**$ 15,100**	**$ 15,100**	**$ 15,100**
Total Budget		**$ 351,928**	**$ 340,862**	**$ 426,044**	**$ 426,044**	**$ 426,044**
	fte's	6.00	6.00	6.00		

Assessor

12320		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 314,316	$ 349,316	$ 329,761	$ 329,761	$ 296,785
1300	PT/Temp Salaries	-	-	-	-	-
2100	FICA	24,045	26,723	25,227	25,227	22,704
2210	VRS	47,933	53,271	39,604	39,604	35,644
2300	H/C	22,272	-	33,672	33,672	33,674
2400	VRS Group Life	4,149	4,157	4,353	4,353	3,918
Tot Per Svcs		**$ 412,715**	**$ 433,467**	**$ 432,617**	**$ 432,617**	**$ 392,724**
3190	Other Contractural Svcs.	$ 65,300	$ 28,752	$ 28,752	$ 28,752	$ 128,752
3312	Repairs - Office Equip	-	-	-	-	
3310	Repairs-Vehicle	-	900	900	900	900
3600	Advertising	-	-	-	-	-
5210	Postage	3,500	3,500	3,500	3,500	3,500
5230	Telephone	-	-	-	-	-
5560	Travel Expenses	2,500	2,000	1,000	1,000	1,000
5810	Dues & Subscriptions	400	372	372	372	372
6001	Office Supplies	1,500	1,500	1,500	1,500	1,500
6008	Gas, Grease, & Oil	4,200	1,000	2,500	2,500	2,500
8102	Replacement Offc Equip	-	-	-	-	-
8202	New Office Equipment	-	-	-	-	-
Total Op		**$ 77,400**	**$ 38,024**	**$ 38,524**	**$ 38,524**	**$ 138,524**
Total Budget		**$ 490,115**	**$ 471,491**	**$ 471,141**	**$ 471,141**	**$ 531,248**
fte's		6.00	6.00	6.00		

Treasurer

12410		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 304,288	$ 290,950	$ 267,950	$ 267,950	$ 251,155
1300	PT/Temp Salaries	-	-	-	-	-
2100	FICA	23,278	22,258	20,498	20,498	19,213
2210	VRS	46,404	44,370	32,181	32,181	30,164
2300	H/C	47,388	47,388	39,324	39,324	39,326
2400	VRS Group Life	4,017	3,462	3,537	3,537	3,315
Tot Per Svcs		**$ 425,375**	**$ 408,428**	**$ 363,490**	**$ 363,490**	**$ 343,173**
3190	Other Contractural Svcs.	$ 6,096	$ 6,096	$ 6,096	$ 6,096	$ 6,096
3193	DMV Fees	-	-	-	-	-
3194	Adm Fees	-	-	-	-	-
3500	Forms	10,000	10,000	10,000	10,000	10,000
3600	Advertising	2,400	2,400	2,400	2,400	2,400
5210	Postage	30,000	28,615	30,000	30,000	30,000
5230	Telephone	-	-	-	-	-
5306	Insurance - Surety Bonds	-	-	-	-	-
5560	Travel Expenses	1,250	1,250	1,250	1,250	1,250
5810	Dues & Subscriptions	800	800	800	800	800
6001	Office Supplies	6,500	6,500	6,500	6,500	6,500
8102	Replacement Offc Equip	-	-	-	-	-
8202	New Office Equipment	-	-	-	-	-
Total Op		**$ 57,046**	**$ 55,661**	**$ 57,046**	**$ 57,046**	**$ 57,046**
Total Budget		**$ 482,421**	**$ 464,089**	**$ 420,536**	**$ 420,536**	**$ 400,219**
fte's		9.00	8.00	8.00		

Finance

12420		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 365,618	$ 375,876	$ 318,876	$ 318,876	$ 286,988
1300	PT/Temp Salaries	25,935	25,935	25,935	25,935	25,937
2100	FICA	29,954	30,739	26,378	26,378	23,939
2210	VRS	55,757	45,143	38,297	38,297	34,467
2300	H/C	45,966	40,848	40,848	40,848	40,850
2400	VRS Group Life	4,826	4,962	4,209	4,209	3,788
Tot Per Svcs		**$ 528,056**	**$ 523,502**	**$ 454,543**	**$ 454,543**	**$ 415,970**
3120	Auditing	$ 102,580	$ 95,000	$ 90,000	$ 90,000	$ 90,000
3190	Other Contractural	34,400	26,860	26,860	26,860	26,860
3500	Forms	500	500	500	500	500
3600	Advertising	500	500	500	500	500
5210	Postage	9,800	5,200	5,200	5,200	5,200
5230	Telephone	-	-	-	-	-
5510	Mileage Reimbursement	100	550	250	250	250
5530	Subsistence & Lodging	500	630	630	630	630
5540	Convention & Training	1,500	1,850	1,850	1,850	1,850
5560	Travel Expenses	500	1,000	1,000	1,000	1,000
5810	Dues & Subscriptions	1,000	1,000	1,000	1,000	1,000
6001	Office Supplies	7,500	4,240	4,240	4,240	4,240
8102	Replacement Offc Equip	-	-	-	-	-
6101	Computer Hardware	-	-	-	-	-
Total Op		**$ 158,880**	**$ 137,330**	**$ 132,030**	**$ 132,030**	**$ 132,030**
Total Budget		**$ 686,936**	**$ 660,832**	**$ 586,573**	**$ 586,573**	**$ 548,000**
fte's		7.00	0.00	0.00		

Purchasing

12470		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 162,783	$ 163,627	$ 163,627	$ 173,627	$ 156,264
1300	PT/Temp Salaries	-	-	-	-	
2100	FICA	12,453	12,517	12,517	13,282	11,954
2210	VRS	24,824	19,652	19,652	20,853	18,767
2300	H/C	18,932	22,422	22,422	22,422	22,424
2400	VRS Group Life	2,149	2,160	2,160	2,292	2,063
Tot Per Svcs		**$ 221,141**	**$ 220,378**	**$ 220,378**	**$ 232,476**	**$ 211,473**
3110	Doctor & Physical Exam	$ -	$ -	$ -	$ -	$ -
3190	Contractural Services	70,000	60,699	60,699	60,699	60,699
3600	Advertising	1,750	1,000	1,000	1,000	1,000
5210	Postage	1,000	1,000	1,000	1,000	1,000
5230	Telephone	-	-	-	-	-
5540	Training	750	750	750	750	750
5560	Travel Expenses	750	750	750	750	750
5810	Dues & Subscriptions	1,150	600	600	600	600
6001	Office Supplies	2,500	2,500	2,500	2,500	2,500
8102	Replacement Offc Equip	-	-	-	-	-
8202	New Office Equipment	-	-	-	-	-
Total Op		**$ 77,900**	**$ 67,299**	**$ 67,299**	**$ 67,299**	**$ 67,299**
Total Budget		**$ 299,041**	**$ 287,677**	**$ 287,677**	**$ 299,775**	**$ 278,772**
fte's		3.00	0.00	0.00		
pt		1	0	0		

Information Systems

12510		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 255,171	$ 256,033	$ 306,033	$ 306,033	$ 275,430
1300	PT/Temp Salaries	-	-	-	-	-
2100	FICA	19,521	19,587	23,412	23,412	21,070
2210	VRS	37,944	30,750	36,755	36,755	33,079
2300	H/C	30,644	35,118	35,118	35,118	35,120
2400	VRS Group Life	3,037	3,380	4,040	4,040	3,636
Tot Per Svcs		**$ 346,316**	**$ 344,867**	**$ 405,357**	**$ 405,357**	**$ 368,335**
3190	Other Contractural Svcs.	$ 75,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
3312	Repairs Office Equip	10,000	5,000	5,000	5,000	5,000
3410	Licensure	50,000	50,000	50,000	50,000	50,000
3600	Advertising	-	-	-	-	-
5210	Postage	-	-	-	-	-
5230	Telephone	549,965	549,337	314,297	314,297	314,297
5306	Insurance - Surety Bonds	-	-	-	-	-
5560	Travel Expenses	1,000	1,000	1,000	1,000	1,000
5810	Dues & Subscriptions	-	-	-	-	-
6001	Office Supplies	5,000	5,000	5,000	5,000	5,000
8102	Replacement Offc Equip	40,000	30,000	30,000	30,000	30,000
8299	New Equip	30,000	20,000	-	-	-
Total Op		**$ 760,965**	**$ 720,337**	**$ 465,297**	**$ 465,297**	**$ 465,297**
Total Budget		**$ 1,107,281**	**$ 1,065,204**	**$ 870,654**	**$ 870,654**	**$ 833,632**
	fte's	4.00	0.00	0.00		
	pt	0.00	0.00	0.00		

Fleet & Equip Management

12520		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 40,034	$ 44,409	$ 44,409	$ 94,409	$ 84,968
1200	Overtime	-	-	-	-	-
1300	PT/Temp Salaries	-	-	-	-	-
2100	FICA	3,063	3,397	3,397	7,222	6,500
2210	VRS	6,105	6,772	5,334	11,339	10,205
2300	H/C	5,856	6,348	6,348	6,348	6,348
2400	VRS Group Life	528	586	586	1,246	1,122
Tot Per Svcs		**$ 55,586**	**$ 61,513**	**$ 60,074**	**$ 120,564**	**$ 109,142**
2820	Tuition and Training		$ -	$ -	$ -	$ -
3110	Phys Exam Fees	-	-	-	-	-
3190	Other Contractural Svcs.	1,500,717	1,534,744	350,000	350,000	350,000
3311	Repairs -MCHY & MTRS	20,000	20,000	20,000	20,000	20,000
5530	Subsistence & Lodging	400	600	600	600	600
5540	Training	400	300	300	300	300
5560	Travel Expense	400	100	100	100	100
6007	Garage Supplies	-	100	100	100	100
6008	Gasoline Purchases	219,000	116,170	116,170	116,170	116,170
6011	Wearing Apparel	500	-	-	-	-
6027	Safety Supplies	-	-	-	-	-
6030	Tires & Tubes	-	-	-	-	-
6099	Small Tools	-	-	-	-	-
6100	Computer Software	-	-	-	-	-
6101	Computer Hardware	-	-	-	-	-
8105	Replace Motor Vehicles	-	-	-	-	-
8221	Computer Hardware	-	-	-	-	-
8299	New - Other	5,000	-	178	178	178
Total Op		**$ 1,746,417**	**$ 1,672,014**	**$ 487,448**	**$ 487,448**	**$ 487,448**
Total Budget		**$ 1,802,003**	**$ 1,733,527**	**$ 547,522**	**$ 608,012**	**$ 596,590**
fte's		5.00	1.00	1.00		

Registrar

13700		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 110,526	$ 111,643	$ 111,643	$ 111,643	$ 111,643
1200	Overtime	2,000	6,500	-	-	-
1300	PT/Temp Salaries	2,550	12,000	-	-	-
2100	FICA	8,803	9,956	8,541	8,541	8,541
2210	VRS	16,435	17,026	13,408	13,408	13,408
2300	H/C	19,920	21,804	21,804	21,804	21,804
2400	VRS Group Life	1,315	1,329	1,474	1,474	1,474
Tot Per Svcs		**$ 161,550**	**$ 180,257**	**$ 156,870**	**$ 156,870**	**$ 156,870**
3111	Electoral Board	$ 9,750	$ 9,750	$ 9,750	$ 9,750	$ 9,750
3190	Other Contractural	50,000	50,000	50,000	50,000	50,000
3311	Repairs - Voting Machines	12,000	12,000	12,000	12,000	12,000
3600	Advertising	2,200	2,200	2,200	2,200	2,200
5210	Postage	-	8,500	8,500	8,500	8,500
5230	Telephone	-	-	-	-	-
5410	Rent Of Equip	19,700	19,700	19,700	19,700	19,700
5420	Rent of Prop	32,782	32,782	32,782	32,782	32,782
5510	Mileage Alowance	1,120	1,120	1,120	1,120	1,120
5530	Subsistence	805	1,610	1,610	1,610	1,610
5540	Convention	645	645	645	645	645
5560	Travel Expenses	74	74	74	74	74
5810	Dues & Assoc Members	325	470	470	470	470
6001	Office Supplies	29,000	26,000	26,000	26,000	26,000
6002	Food		3,000	3,000	3,000	3,000
8202	New Office Equipment	1,000	-	-	-	-
Total Op		**$ 159,401**	**$ 167,851**	**$ 167,851**	**$ 167,851**	**$ 167,851**
Total Budget		**$ 320,951**	**$ 348,108**	**$ 324,721**	**$ 324,721**	**$ 324,721**
	fte's	3.00	0.00	0.00		
	pt	1	0	0		

Judge - Circuit Court

21100		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 49,309	$ 49,309	$ 49,309	$ 49,309	$ 49,309
1300	PT/Temp Salaries	-	22,500	22,500	22,500	22,500
2100	FICA	3,772	5,493	5,493	5,493	5,493
2210	VRS	7,520	5,922	5,922	5,922	5,922
2300	H/C	5,856	13,314	13,314	13,314	13,314
2400	VRS Group Life	651	651	651	651	651
Tot Per Svcs		**$ 67,108**	**$ 97,189**	**$ 97,189**	**$ 97,189**	**$ 97,189**
3130	Jurors Fees	$ -	$ -	$ -	$ -	$ -
3190	Contractural Services	-	-	-	-	-
3312	Repairs - Office Equip	1,000	850	850	850	850
3700	Laundry Service	300	200	200	200	200
5210	Postage	1,000	1,000	1,000	1,000	1,000
5230	Telephone	4,000	4,000	4,000	4,000	4,000
6001	Office Supplies	1,000	1,000	1,000	1,000	1,000
6005	Cleaning Mat & Sup	600	400	400	400	400
8102	Replacement Offc Equip	-	-	-	-	-
8202	New Office Equipment	-	-	-	-	-
Total Op		**$ 7,900**	**$ 7,450**	**$ 7,450**	**$ 7,450**	**$ 7,450**
Total Budget		**$ 75,008**	**$ 104,639**	**$ 104,639**	**$ 104,639**	**$ 104,639**
	fte's	1.00	1.00	1.00		

General District Court

21200		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ -	$ -	$ -	$ -	$ -
1300	PT/Temp Salaries	-	-	-	-	-
2100	FICA	-	-	-	-	-
2210	VRS	-	-	-	-	-
2300	H/C	-	-	-	-	-
2400	VRS Group Life	-	-	-	-	-
Tot Per Svcs		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
3151	Legal Services	$ 30,000	$ 30,000	$ 20,000	$ 20,000	$ 20,000
3190	Other Contractural Svcs	600	800	800	800	800
3312	Repairs - Office Equip	-	-	-	-	-
3316	Repairs Bldg & Grounds	-	-	-	-	-
5210	Postage	6,500	6,000	6,000	6,000	6,000
5230	Telephone	-	-	-	-	-
5410	Rent of Equip	4,000	4,000	4,000	4,000	4,000
5560	Travel	500	500	500	500	500
5810	Dues & Subs	1,200	1,000	1,000	1,000	1,000
6001	Office Supplies	2,100	1,800	1,800	1,800	1,800
6011	Wearing Apparel	500	200	200	200	200
6014	Other	-	-	-	-	-
8102	Replace Off Equip	2,400	2,400	2,400	2,400	2,400
8103	Replace Furn & Fix	5,000	4,000	4,000	4,000	4,000
Total Op		**$ 52,800**	**$ 50,700**	**$ 40,700**	**$ 40,700**	**$ 40,700**
Total Budget		**$ 52,800**	**$ 50,700**	**$ 40,700**	**$ 40,700**	**$ 40,700**

Magistrate

21300		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ -	$ -	$ -	$ -	$ -
1300	PT/Temp Salaries	-	-	-	-	-
2100	FICA	-	-	-	-	-
2210	VRS	-	-	-	-	-
2300	H/C	-	-	-	-	-
2400	VRS Group Life	-	-	-	-	-
Tot Per Svcs		$ -	$ -	$ -	$ -	$ -
3190	Other Contractural Svcs.	$ 1,400	$ 1,400	$ 1,400	$ 1,400	$ 1,400
5420	Rental of Property	36,000	38,184	38,184	38,184	38,184
6001	Office Supplies	2,000	2,000	2,000	2,000	2,000
8102	Replacement Offc Equip	-	-	-	-	-
8202	New Office Equipment	-	-	-	-	-
Total Op		$ 39,400	$ 41,584	$ 41,584	$ 41,584	$ 41,584
Total Budget		**$ 39,400**	**$ 41,584**	**$ 41,584**	**$ 41,584**	**$ 41,584**

Juv Justice

21400		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ -	$ -	$ -	$ -	$ -
1300	PT/Temp Salaries	-	-	-	-	-
2100	FICA	-	-	-	-	-
2210	VRS	-	-	-	-	-
2300	H/C	-	-	-	-	-
2400	VRS Group Life	-	-	-	-	-
Tot Per Svcs		$ -	$ -	$ -	$ -	$ -
3190	Other Contractural Svcs.	$ 3,600	$ -	$ -	$ -	$ -
3310	Repairs - Motor Vehc	-	-	-	-	-
3600	Advertising	-	-	-	-	-
5210	Postage	-	-	-	-	-
5230	Telephone	12,000	9,200	12,000	12,000	12,000
5420	Rent of Property	73,688	76,636	76,636	76,636	76,636
5560	Travel Expenses	-	-	-	-	-
5810	Dues & Subscriptions	-	-	-	-	-
6001	Office Supplies	-	-	-	-	-
8102	Replacement Offc Equip	-	-	-	-	-
8103	Replace Furn & Fixt.	-	-	-	-	-
Total Op		$ 89,288	$ 85,836	$ 88,636	$ 88,636	$ 88,636
Total Budget		**$ 89,288**	**$ 85,836**	**$ 88,636**	**$ 88,636**	**$ 88,636**

J & DR Court

21500		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ -	$ -	$ -	$ -	$ -
1300	PT/Temp Salaries	-	-	-	-	-
2100	FICA	-	-	-	-	-
2210	VRS	-	-	-	-	-
2300	H/C	-	-	-	-	-
2400	VRS Group Life	-	-	-	-	-
Tot Per Svcs		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
3151	Legal Fees	$ 1,000	$ -	$ -	$ -	$ -
3190	Other Contractural	-	2,000	2,000	2,000	2,000
3316	Repairs - Bldg & Grounds	600	600	600	600	600
3700	Laundry Service	100	100	100	100	100
5210	Postage	450	-	-	-	-
5230	Telephone	-	-	-	-	-
5410	Rental of Equip	3,000	3,000	3,000	3,000	3,000
5420	Rent of Property	-	-	-	-	-
5560	Travel Expenses	650	1,300	1,300	1,300	1,300
5810	Dues & Subscriptions	350	350	350	350	350
5897	Shelter Care/Mental Exam	500	500	500	500	500
6001	Office Supplies	1,300	300	300	300	300
6005	Cleaning Mat & Supplies	300	600	600	600	600
6012	Books	200	200	200	200	200
6014	Other	-	850	850	850	850
8102	Replacement Offc Equip	400	200	200	200	200
8103	Replace Furn & Fixt.	1,600	2,000	2,000	2,000	2,000
8203	New Furn & Fix	2,315	-	-	-	-
Total Op		**$ 12,765**	**$ 12,000**	**$ 12,000**	**$ 12,000**	**$ 12,000**
Total Budget		**$ 12,765**	**$ 12,000**	**$ 12,000**	**$ 12,000**	**$ 12,000**

Circuit Court

21600		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 431,981	$ 433,269	$ 433,269	$ 433,269	$ 433,269
1300	PT/Temp Salaries	31,000	31,000	31,000	31,000	31,000
2100	FICA	35,418	35,517	35,517	35,517	35,517
2210	VRS	65,877	52,036	52,036	52,036	52,036
2300	H/C	61,288	60,510	60,510	60,510	60,510
2400	VRS Group Life	5,702	5,719	5,719	5,719	5,719
Tot Per Svcs		**$ 631,266**	**$ 618,050**	**$ 618,050**	**$ 618,050**	**$ 618,050**
3120	Auditing	$ 3,500	$ 3,500	$ 3,500	$ 3,500	$ 3,500
3130	Juror's Fees	32,000	32,000	22,000	22,000	22,000
3190	Other Contracting Srv	13,000	13,000	13,000	13,000	13,000
3312	Repairs - Office Equip	-	-	-	-	-
3500	Bookbinding	500	500	500	500	500
3600	Advertising	-	-	-	-	-
5210	Postage	3,800	3,800	3,800	3,800	3,800
5230	Telephone	-	-	-	-	-
5304	Insurance - Other	-	-	-	-	-
5410	Rent of Equipment	10,500	10,500	10,500	10,500	10,500
5810	Dues and Subscriptions	300	300	300	300	300
6001	Office Supplies	9,500	9,500	6,000	6,000	6,000
6005	Cleaning Mat & Sup	-	-	-	-	-
6014	Other	-	-	-	-	-
8102	Replace Office Equip	-	-	-	-	-
Total Op		**$ 73,100**	**$ 73,100**	**$ 59,600**	**$ 59,600**	**$ 59,600**
Total Budget		**$ 704,366**	**$ 691,150**	**$ 677,650**	**$ 677,650**	**$ 677,650**
	fte	11				

Juv Court Services

21700		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 67,559	$ 48,601	$ 35,599	$ 35,599	$ 35,599
1300	PT/Temp Salaries	900	22,000	2,000	2,000	2,000
2100	FICA	5,237	5,401	2,876	2,876	2,876
2210	VRS	10,303	5,837	4,275	4,275	4,275
2300	H/C	14,064	6,348	15,456	15,456	15,456
2400	VRS Group Life	892	642	470	470	470
Tot Per Svcs		**$ 98,955**	**$ 88,828**	**$ 60,677**	**$ 60,677**	**$ 60,677**
2820	Tuition	$ -	$ -	$ -	$ -	$ -
3190	Other Contracting Srv	11,100	11,500	1,100	1,100	1,100
3191	VJCCA Match	76,650	76,650	76,650	76,650	76,650
3199	Moving Expenses	-	-	-	-	-
3600	Advertising	-	500	500	500	500
5210	Postage	-	-	-	-	-
5230	Telephone	1,200	1,200	1,200	1,200	1,200
5530	Subsistency and Lodging	180	500	500	500	500
5540	Registration and Training	75	300	300	300	300
5560	Travel Expenses	80	180	180	180	180
5410	Rent of Equipment	-	-	-	-	-
5810	Dues and Subscriptions	-	-	-	-	-
6001	Office Supplies	300	303	300	300	300
6008	Gas, Grease, & Oil	-	-	-	-	-
6014	Other	-	-	-	-	-
8202	New Office Equip	500	500	500	500	500
8203	New Furniture & Fixtures	-	-	4,000	4,000	4,000
9115	Local Match	-	-	11,700	11,700	11,700
Total Op		**$ 90,085**	**$ 91,633**	**$ 96,930**	**$ 96,930**	**$ 96,930**
Total Budget		**$ 189,040**	**$ 180,461**	**$ 157,607**	**$ 157,607**	**$ 157,607**
fte's		2	0	2		
pt				0		

Commonwealth Attorney

22100		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 738,882	$ 755,648	$ 755,648	$ 755,648	$ 755,648
1300	PT/Temp Salaries	25,357	25,357	25,357	25,357	25,357
2100	FICA	58,464	59,747	59,747	59,747	59,747
2210	VRS	112,680	90,753	90,753	90,753	90,753
2300	H/C	60,912	78,108	78,108	78,108	78,108
2400	VRS Group Life	9,753	9,975	9,975	9,975	9,975
Tot Per Svcs		**$ 1,006,048**	**$ 1,019,588**	**$ 1,019,588**	**$ 1,019,588**	**$ 1,019,588**
2820	Tuition	$ -	$ -	$ -	$ -	$ -
3190	Other Contracting Srv	47,800	37,059	37,059	37,059	37,059
3310	Repairs - Motor Vehicles	900	500	500	500	500
5210	Postage	1,200	1,500	1,200	1,200	1,200
5230	Telephone	-	-	-	-	-
5510	Mileage Allowance	1,250	-	-	-	-
5530	Subsistence & Lodging	2,750	5,000	4,000	4,000	4,000
5540	Registrations	1,900	2,000	1,900	1,900	1,900
5560	Travel Expenses	200	-	-	-	-
5410	Rent of Equipment	-	-	-	-	-
5810	Dues and Subscriptions	8,000	14,740	10,000	10,000	10,000
5860	Local Supplement	-	-	-	-	-
6001	Office Supplies	12,000	10,000	10,000	10,000	10,000
6005	Cleaning Mat & Sup	-	-	-	-	-
6008	Gas, Grease, & Oil	1,000	1,080	1,000	1,000	1,000
6014	Other Operating Supplies	-	-	-	-	-
6101	Equip Software/Prog	-	-	-	-	-
6102	Comp Hardware/Equip Rep	-	-	-	-	-
Total Op		**$ 77,000**	**$ 71,879**	**$ 65,659**	**$ 65,659**	**$ 65,659**
Total Budget		**$ 1,083,048**	**$ 1,091,467**	**$ 1,085,247**	**$ 1,085,247**	**$ 1,085,247**
	fte's	12	0	0		
	pt	2	0	0		

Police

31100		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 5,693,145	$ 5,823,410	$ 5,590,106	$ 5,590,106	$ 4,536,095
1102	Clothing Allowance	7,000	15,000	9,000	9,000	9,000
1200	Overtime	450,000	-	75,000	75,000	75,000
1300	PT/Temp Salaries	65,000	155,933	65,000	65,000	65,000
2100	FICA	440,498	457,420	432,616	432,616	351,984
2210	VRS	868,205	699,392	671,372	671,372	544,785
2300	H/C	755,816	824,880	797,799	797,799	797,799
2400	VRS Group Life	75,150	76,869	73,789	73,789	59,876
Tot Per Svcs		**$ 8,354,813**	**$ 8,052,903**	**$ 7,714,682**	**$ 7,714,682**	**$ 6,439,540**
2700	Emp Liability /WC	$ -	$ 50,000	$ 50,000	$ 50,000	$ 50,000
2820	Tuition	-	-	-	-	-
3110	Doctors & Phys Exam Fees	15,000	12,000	12,000	12,000	12,000
3111	Other	12,115	25,000	25,000	25,000	25,000
3190	Other Contractural Svcs.	146,000	139,941	130,000	130,000	130,000
3312	Repairs - Offc Equip	1,500	800	800	800	800
3313	Repairs - Radio Equip	-	-	-	-	-
3317	Repairs - Other	-	-	-	-	-
5210	Postage	2,000	700	700	700	700
5230	Telephone	-	-	-	-	-
5530	Subsistence & Lodging	-	15,000	6,000	6,000	6,000
5540	Covention & Education	-	41,500	21,500	21,500	21,500
5560	Travel Expenses	10,000	21,370	11,370	11,370	11,370
5810	Dues and Subscriptions	250	1,500	1,500	1,500	1,500
5882	Special Events	1,500	22,700	12,700	12,700	12,700
5899	Misc Supplies	117,000	90,050	70,000	70,000	70,000
6001	Office Supplies	21,000	21,000	19,000	19,000	19,000
6002	Food	1,500	2,000	2,000	2,000	2,000
6005	Cleaning Mat & Sup	4,500	2,500	2,500	2,500	2,500
6008	Gas, Grease, & Oil	290,000	100,000	143,216	143,216	143,216
6010	Ammunition	50,000	47,625	47,625	47,625	47,625
6011	Wearing Apparel	45,000	60,000	50,000	50,000	50,000
6013	Educational Supplies	-	-	-	-	-
6016	Chemical Supplies	-	-	-	-	-
6020	Textbooks	-	-	-	-	-
8102	Replace Offc Equip	-	5,500	5,500	5,500	5,500
8103	Replace Furn & Fixt	-	10,300	10,300	10,300	10,300
8105	Replace Motor Vehicles	-	-	-	-	-
8113	Replace Radio Equip	-	-	-	-	-
8199	Repalcement Other	-	-	-	-	-
8203	New Furniture & Fixtures	-	5,000	5,000	5,000	5,000
8212	Batteries- 800 MHZ-Radio	-	-	-	-	-
Total Op		**$ 717,365**	**$ 674,486**	**$ 626,711**	**$ 626,711**	**$ 626,711**
Total Budget		**$ 9,072,178**	**$ 8,727,389**	**$ 8,341,393**	**$ 8,341,393**	**$ 7,066,251**
	fte	124.00	0.00	0.00		

Emergency Communications

31200		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 875,013	$ 883,742	$ 819,318	$ 819,318	$ 737,386
1200	Overtime	20,000	35,000	35,000	35,000	35,000
1300	PT/Temp Salaries	4,000	16,104	4,000	4,000	4,000
2100	FICA	67,244	68,838	62,984	62,984	56,716
2210	VRS	133,439	134,771	98,400	98,400	88,560
2300	H/C	133,030	133,030	155,014	155,014	155,016
2400	VRS Group Life	11,550	10,517	10,815	10,815	9,733
Tot Per Svcs		**$ 1,244,277**	**$ 1,282,001**	**$ 1,185,531**	**$ 1,185,531**	**$ 1,086,412**
2820	Tuition	$ -	$ -	$ -	$ -	$ -
3111	Other	2,000	4,000	2,000	2,000	2,000
3190	Other Contractural Svcs.	518,234	498,768	498,768	498,768	498,768
3312	Repairs - Offc Equip	-	-	-	-	-
3313	Repairs - Radio Equip	5,000	10,000	5,000	5,000	5,000
3317	Repairs - Other	-	-	-	-	-
5230	Telephone	-	-	-	-	-
5560	Travel Expenses	1,500	2,000	1,500	1,500	1,500
5810	Dues and Subscriptions	250	600	250	250	250
6001	Office Supplies	2,000	5,000	2,000	2,000	2,000
6011	Wearing Apparel	2,000	5,000	2,000	2,000	2,000
8102	Replace Offc Equip	2,500	5,000	2,500	2,500	2,500
8103	Replace Furn & Fixt	2,000	1,000	1,000	1,000	1,000
8113	Replace Radio Equip	5,000	10,000	5,000	5,000	5,000
8199	Repalcement Other	-	-	-	-	-
8203	New Furniture & Fixtures	-	-	-	-	-
8212	Batteries- 800 MHZ-Radio	-	-	-	-	-
Total Op		**$ 540,484**	**$ 541,368**	**$ 520,018**	**$ 520,018**	**$ 520,018**
Total Budget		**$ 1,784,761**	**$ 1,823,369**	**$ 1,705,549**	**$ 1,705,549**	**$ 1,606,430**
	Author	26	26	-		
	Funded			-		

FIRE

32100		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 3,762,633	$ 4,019,195	$ 4,019,195	$ 4,019,195	$ 3,132,176
1200	Overtime	350,000	350,000	150,000	150,000	150,000
1300	PT/Temp Salaries	140,160	140,160	80,000	80,000	80,000
2100	FICA	325,339	344,966	325,063	325,063	257,206
2210	VRS	573,802	612,927	482,705	482,705	376,174
2300	H/C	566,206	538,514	577,704	577,704	438,505
2400	VRS Group Life	44,775	47,828	53,053	53,053	41,345
Tot Per Svcs		**$ 5,762,915**	**$ 6,053,591**	**$ 5,687,721**	**$ 5,687,721**	**$ 4,475,405**
2820	Tuition	$ -	$ -	$ -	$ -	$ -
3110	Doctors & Phys Exam Fees	27,218	27,218	27,218	27,218	27,218
3190	Other Contractural Svcs.	315,669	325,669	240,000	240,000	231,120
3310	Repairs - Motor Vehicles	-	-	-	-	-
3311	Repairs - Mchy & Mirs	2,500	2,500	2,500	2,500	2,500
3313	Repairs - Radio Equip	6,500	6,500	6,500	6,500	6,500
3316	Repairs - Bldg & Grounds	400	400	400	400	400
3317	Repairs - Other	3,000	3,000	3,000	3,000	3,000
3318	Repairs - Breathing Appar	5,000	5,000	5,000	5,000	5,000
3319	Repairs - Personal PROT EQ	500	500	500	500	500
3600	Advertising	-	-	-	-	-
5210	Postage	3,475	3,475	3,100	3,100	3,100
5420	Rent	-	-	-	-	-
5530	Subsistence & Lodging	3,150	3,150	3,150	3,150	3,150
5540	Training & Conferences	3,200	3,200	3,200	3,200	3,200
5560	Travel Expenses	-	-	-	-	-
5810	Dues and Subscriptions	2,840	2,840	2,500	2,500	2,500
5870	Breathing Air Test	750	750	750	750	750
6001	Office Supplies	9,500	9,500	7,000	7,000	7,000
6005	Cleaning Mat & Sup	-	-	-	-	-
6006	Bedding	500	500	500	500	500
6008	Gas, Grease, & Oil	87,500	84,975	57,500	57,500	57,500
6011	Wearing Apparel	65,790	65,790	45,000	45,000	45,000
6013	Educational Supplies	2,500	2,500	2,000	2,000	2,000
6016	Chemical Supplies	8,000	8,000	7,000	7,000	7,000
6020	Textbooks	900	900	900	900	900
6027	First Aid Supplies	9,000	9,000	9,000	9,000	9,000
6030	Tires & Tubes	14,200	4,200	4,200	4,200	4,200
6034	Code Compliance Supplies	-	-	-	-	-
6035	Misc & Kitchen Supplies	5,000	5,000	5,000	5,000	5,000
6036	Public ED Supplies	3,000	3,000	3,000	3,000	3,000
6050	Training Supplies	2,050	2,050	2,050	2,050	2,050
6090	Other Supplies	-	-	-	-	-
6099	Small Tools	1,850	1,850	1,000	1,000	1,000
8101	Replace Machinery & Motors	2,800	2,800	1,500	1,500	1,500
8102	Replace Offc Equip	-	-	-	-	-
8103	Replace Furn & Fixt	1,860	1,860	-	-	-

FIRE

32100		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
8105	Replace Motor Veh	-	-	-	-	-
8117	Replace EMS Equip	-	-	-	-	-
8198	Replace Fire Hose		2,750	2,750	2,750	2,750
8199	Repalcement Other	6,000	6,000	2,000	2,000	2,000
8202	New Office Equip	-	-	-	-	-
8203	New Furniture & Fixture	-	-	-	-	-
8217	New EMS Equipment	1,400	1,400	1,400	1,400	1,400
8299	New Other	20,512	20,512	6,250	6,250	6,250
Total Op		$ 616,564	$ 616,789	$ 455,868	$ 455,868	$ 446,988
				-		
Total Budget		**$ 6,379,479**	**$ 6,670,380**	**$ 6,143,589**	**$ 6,143,589**	**$ 4,922,393**
		84.00	0.00	0.00		

Code Compliance

32200		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 435,171	$ 442,722	$ 442,722	$ 442,722	$ 110,681
1200	Overtime	-	-	-	-	-
1300	PT/Temp Salaries					-
2100	FICA	33,291	33,868	33,868	33,868	8,467
2210	VRS	66,364	53,171	53,171	53,171	13,293
2300	H/C	63,264	56,304	56,304	56,304	14,076
2400	VRS Group Life	5,744	5,844	5,844	5,844	1,461
Tot Per Svcs		**$ 603,833**	**$ 591,910**	**$ 591,909**	**$ 591,909**	**$ 147,977**
2820	Tuition	$ -	$ -	$ -	$ -	$ -
3190	Other Contractural Srvcs.	9,340	9,340	9,340	9,340	2,335
3195	Demolition & Securing	100,000	84,000	78,824	78,824	19,706
3800	Grass Cutting	120,000	102,000	92,000	92,000	23,000
5530	Subsistence & Lodging	950	950	950	950	238
5540	Training & Conferences	950	950	950	950	238
5560	Travel Expenses	-	-	-	-	-
5810	Dues and Subscriptions	1,000	1,000	1,000	1,000	250
6011	Wearing Apparel	2,125	2,125	2,125	2,125	531
6020	Textbooks	3,500	3,500	3,500	3,500	875
6034	Code Compliance Supplies	2,500	2,500	2,500	2,500	625
6050	Training Supplies	200	200	200	200	50
6099	Small Tools	300	300	300	300	75
8102	Replace Offc Equip	-	-	-	-	-
8103	Replace Furn & Fixt	-	-	-	-	-
8299	New Other	-	-	-	-	-
Total Op		**$ 240,865**	**$ 206,865**	**$ 191,689**	**$ 191,689**	**$ 47,922**
			-	-		$ -
Total Budget		**$ 844,698**	**$ 798,775**	**$ 783,598**	**$ 783,598**	**$ 195,900**
	fte	12.00	12.00	12.00		

City Jail

33100		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 888,831	$ 972,772	$ 972,772	$ 972,772	$ 972,772
1200	Overtime	-	-	-	-	-
1300	PT/Temp Salaries	39,000	39,000	39,000	39,000	39,000
2100	FICA	70,979	77,401	77,401	77,401	77,401
2210	VRS	135,547	116,830	116,830	116,830	116,830
2300	H/C	120,672	86,097	116,814	116,814	116,816
2400	VRS Group Life	11,733	12,841	12,841	12,841	12,841
Tot Per Svcs		**$ 1,266,761**	**$ 1,304,940**	**$ 1,335,657**	**$ 1,335,657**	**$ 1,335,659**
2700	Employee Liab Work Comp	$ -	$ -	$ -	$ -	$ -
3190	Other Contractural Services	18,336	11,000	12,000	12,000	12,000
3191	Contractural Services	-	-	-	-	-
3192	Disposal of Bodies	1,300	500	500	500	500
3193	Courthouse Security	6,000	3,000	3,000	3,000	3,000
3310	Repairs - Motor Vehicles	10,345	2,000	2,000	2,000	2,000
3312	Repairs - Offc Equip	475	500	475	475	475
3313	Repairs - Radio Equip	1,045	750	750	750	750
3321	Pest Control	290	990	990	990	990
3600	Advertising	-	1,000	-	-	-
3700	Laundry Svc.	-	400	400	400	400
5110	Electric Current	5,119	9,722	12,000	12,000	12,000
5120	Fuel	51,317	8,000	12,008	12,008	12,008
5130	Water & Sewer Svc	6,300	3,000	3,000	3,000	3,000
5210	Postage	1,118	1,200	1,200	1,200	1,200
5230	Telecommunications		360	120	120	120
5304	Insurance - Other	-	-	-	-	-
5410	Rent of Equip	-	7,000	-	-	-
5530	Subsistence & Lodging	1,624	5,000	2,000	2,000	2,000
5540	Training & Conferences	950	2,620	950	950	950
5560	Travel Expenses	1,314	4,000	1,314	1,314	1,314
5810	Dues and Subscriptions	1,173	1,000	2,000	2,000	2,000
6001	Office Supplies	8,189	2,000	4,000	4,000	4,000
6002	Food	-	400	-	-	-
6005	Cleaning Mat & Sup	4,300	600	600	600	600
6006	Bedding	-	-	-	-	-
6007	Repair & Maint Supplies	1,114	1,000	1,000	1,000	1,000
6008	Gas, Grease, & Oil	7,008	4,000	7,008	7,008	7,008
6010	Ammo	1,000	500	500	500	500
6011	Wearing Apparel	10,880	5,000	3,000	3,000	3,000
6012	Books & Subscriptions	-	1,200	1,000	1,000	1,000
6014	Other Supplies	12,893	1,200	-	-	-
6018	Animal Feed	-	1,000	1,000	1,000	1,000
6027	First Aid Supplies	-	850	850	850	850
8199	Replacement Other	12,315	-	-	-	-
8202	New Office Equip	8,264	-	-	-	-
8205	New Motor Vehicles	-	-	-	-	-

City Jail

33100		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
8300	TRIAD	-	-	-	-	-
Total Op		$ 172,669	$ 79,792	$ 73,665	$ 73,665	$ 73,665
Total Budget		**$ 1,439,430**	**$ 1,384,732**	**$ 1,409,322**	**$ 1,409,322**	**$ 1,409,324**
fte's		21	0	0		

Animal Warden

35100		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 165,997	$ 162,085	$ 162,085	$ 162,085	$ 145,877
1200	Overtime	5,000	5,000	5,000	5,000	5,000
1300	PT/Temp Salaries	28,882	32,672	28,882	28,882	28,882
2100	FICA	14,908	14,899	14,609	14,609	13,369
2210	VRS	25,315	24,718	19,466	19,466	17,520
2300	H/C	31,632	32,358	32,358	32,358	32,360
2400	VRS Group Life	2,191	2,140	2,140	2,140	1,926
Tot Per Svcs		**$ 273,925**	**$ 273,872**	**$ 264,540**	**$ 264,540**	**$ 244,933**
2820	Tuition	$ -	$ -	$ -	$ -	$ -
3190	Other Contractural Svcs.	15,000	15,000	15,000	15,000	15,000
3317	Repairs - Other	-	2,000	-	-	-
5210	Postage	-	-	-	-	-
5230	Telephone	-	-	-	-	-
5510	Mileage	-	-	-	-	-
5530	Subsistence and Lodging	-	2,100	-	-	-
5540	Registration and Training	-	2,000	-	-	-
5560	Travel Expenses	-	-	-	-	-
5810	Dues and Subscriptions	-	200	-	-	-
5895	State Permits/License Fees	500	100	100	100	100
6001	Office Supplies	1,000	1,000	1,000	1,000	1,000
6002	Dog Food	2,500	2,500	2,500	2,500	2,500
6005	Cleaning Mat & Sup	2,500	3,000	2,500	2,500	2,500
6008	Gas, Grease, & Oil	5,000	5,000	5,000	5,000	5,000
6011	Wearing Apparel	600	600	600	600	600
6014	Other Supplies	-	-	-	-	-
6016	Chemical Supplies	2,200	2,500	2,200	2,200	2,200
6027	First Aid Supplies	-	-	-	-	-
6049	Dog Supplies	2,500	2,500	2,500	2,500	2,500
6101	Computers	-	4,000	-	-	-
8220	Software	-	10,000	-	-	-
8202	New Ofice Equip	4,000	4,000	3,000	3,000	3,000
8199	Replacement Other	1,000	1,000	-	-	-
Total Op		**$ 36,800**	**$ 57,500**	**$ 34,400**	**$ 34,400**	**$ 34,400**
Total Budget		**$ 310,725**	**$ 331,372**	**$ 298,940**	**$ 298,940**	**$ 279,333**
fte's		5	0	0		

Engineering

41100		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 86,636	$ 86,636	$ 146,855	$ 146,855	$ 132,170
1200	Overtime	-	-	-	-	-
1300	PT/Temp Salaries	8,317	8,317	8,317	8,317	8,319
2100	FICA	7,264	7,264	11,871	11,871	10,747
2210	VRS	13,212	13,212	17,637	17,637	15,874
2300	H/C	14,064	14,065	15,456	15,456	15,458
2400	VRS Group Life	1,144	1,144	1,938	1,938	1,745
Tot Per Svcs		**$ 130,636**	**$ 130,637**	**$ 202,074**	**$ 202,074**	**$ 184,312**
3140	Engineering Fees	$ -	$ -	$ -	$ -	$ -
3311	Stormwater Mngmnt Program	-	-	-	-	-
3312	Repairs - Offc Equip	100	100	100	100	100
3600	Advertising	400	400	400	400	400
5530	Subsistence and Lodging	-	-	-	-	-
5540	Convention and Education	-	-	-	-	-
5560	Travel Expenses	150	-	-	-	-
5810	Dues and Subscriptions	355	355	355	355	355
6001	Office Supplies	1,500	1,200	1,200	1,200	1,200
6008	Gas, Grease, & Oil	9,000	8,849	8,849	8,849	8,849
6041	Census, Surveys, Maps, Etc.	-	-	-	-	-
6044	Engineering Supplies	-	-	-	-	-
8202	New Ofice Equip	-	-	-	-	-
Total Op		**$ 11,505**	**$ 10,904**	**$ 10,904**	**$ 10,904**	**$ 10,904**
Total Budget		**$ 142,141**	**$ 141,541**	**$ 212,978**	**$ 212,978**	**$ 195,216**
	fte's	4	4	3		

Refuse Collection

42300		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
3190	Other Contractural Svcs.	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ 1,500,000
8299	New Other	80,000	19,960	19,960	19,960	19,960
Total Op		**$ 1,580,000**	**$ 1,519,960**	**$ 1,519,960**	**$ 1,519,960**	**$ 1,519,960**

Grounds

43100		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 341,641	$ 384,770	$ 318,189	$ 318,189	$ 286,370
1200	Overtime	6,000	6,000	6,000	6,000	6,000
1300	PT/Temp Salaries	50,000	50,000	50,000	50,000	50,000
2100	FICA	29,961	33,260	28,166	28,166	25,732
2210	VRS	50,802	46,211	38,214	38,214	34,393
2300	H/C	74,152	98,388	89,280	89,280	89,282
2400	VRS Group Life	4,066	5,079	4,200	4,200	3,780
Tot Per Svcs		**$ 556,621**	**$ 623,708**	**$ 534,050**	**$ 534,050**	**$ 495,558**
2820	Tuition	$ -	$ -	$ -	$ -	$ -
3190	Other Contractural Svcs.	100,000	83,753	100,000	100,000	100,000
3311	Repairs - Mchy & Mirs	5,000	5,000	5,000	5,000	5,000
5120	Fuel	25,000	5,000	15,000	15,000	15,000
5560	Travel Expenses	-	-	-	-	-
5810	Dues and Subscriptions	-	-	-	-	-
5895	State Permits/License Fees	100	100	100	100	100
6002	Food	250	250	250	250	250
6003	Fertilizer, Seed, Spray	13,750	5,000	10,000	10,000	10,000
6005	Cleaning Mat & Sup	-	-	-	-	-
6008	Gas, Grease, & Oil	-	-	-	-	-
6011	Wearing Apparel	10,000	12,000	12,000	12,000	12,000
6027	First Aid Supplies	750	100	100	100	100
6043	Beautification Supplies	30,000	2,333	2,333	2,333	2,333
?????	Decorations	-	-	-	-	-
6099	Small Tools	2,000	2,500	2,500	2,500	2,500
6101	Comp Equip Hrdwre Under $!	-	-	-	-	-
8101	Replace Machinery & Motors	28,000	2,411	10,000	10,000	10,000
8105	Replace Motor Vehicles	-	-	-	-	-
8114	Replace Heat & Cool Equip	-	-	-	-	-
8201	New Machinery & Motors	-	-	-	-	-
8220	Comp Equip +$5k	-	-	-	-	-
Total Op		**$ 214,850**	**$ 118,447**	**$ 157,283**	**$ 157,283**	**$ 157,283**
Total Budget		**$ 771,471**	**$ 742,155**	**$ 691,333**	**$ 691,333**	**$ 652,841**
fte's		12	0	0		

Facility Management

43200		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 635,584	$ 581,566	$ 524,999	$ 524,999	$ 472,499
1200	Overtime	6,000	6,000	6,000	6,000	6,000
1300	PT/Temp Salaries	100,547	100,547	100,547	100,547	100,547
2100	FICA	56,314	52,182	47,854	47,854	43,838
2210	VRS	96,927	69,846	63,052	63,052	56,747
2300	H/C	76,176	87,216	99,912	99,912	99,914
2400	VRS Group Life	8,390	7,677	6,930	6,930	6,237
Tot Per Svcs		**$ 979,937**	**$ 905,033**	**$ 849,295**	**$ 849,295**	**$ 785,782**
2820	Tuition	$ -	$ -	$ -	$ -	$ -
3190	Other Contractural Svcs.	108,823	100,000	100,000	100,000	100,000
3311	Repairs - Mchy & Mirs	33,045	30,000	30,000	30,000	30,000
3314	Repairs - Heat & Cool Equip	130,000	125,000	125,000	125,000	125,000
3316	Repairs - Buildings	248,380	146,000	146,000	146,000	146,000
3317	Repairs - Grounds	-	-	-	-	-
3318	Courthouse Maintenance	40,856	40,856	40,856	40,856	40,856
3321	Pest Control	7,270	7,270	7,270	7,270	7,270
3600	Advertising	2,445	2,445	2,445	2,445	2,445
5110	Electric Current	518,400	518,400	518,400	518,400	518,400
5120	Fuel	65,000	65,000	65,000	65,000	65,000
5130	Water & Sewer Service	76,000	76,000	76,000	76,000	76,000
5230	Telephone	-	-	-	-	-
5410	Rent of Equipment	1,500	1,148	1,148	1,148	1,148
5560	Travel Expenses	-	-	-	-	-
6001	Office Supplies	-	-	-	-	-
6002	Food	234	234	234	234	234
6003	Fertilizer, Seed, Spray	-	-	-	-	-
6005	Cleaning Mat & Sup	55,000	53,000	45,000	45,000	45,000
6006	Bedding	-	-	-	-	-
6008	Gas, Grease, & Oil	25,000	20,000	20,000	20,000	20,000
6011	Wearing Apparel	9,500	7,500	7,500	7,500	7,500
6027	First Aid Supplies	700	700	700	700	700
6055	Building Materials & Supplies		100,000	100,000	100,000	100,000
6099	Small Tools	1,000	1,000	1,000	1,000	1,000
6101	Comp Equip Hrdwre Under $	-	-	-	-	-
8101	Replace Machinery & Motors	-	-	-	-	-
8105	Replace Motor Vehicles	-	-	-	-	-
8114	Replace Heat & Cool Equip	50,000	46,000	46,000	46,000	46,000
8201	New Machinery & Motors	-	-	-	-	-
8220	Comp Equip +$5k		-	-	-	-
Total Op		**$ 1,373,153**	**$ 1,340,553**	**$ 1,332,553**	**$ 1,332,553**	**$ 1,332,553**
Total Budget		**$ 2,353,090**	**$ 2,245,586**	**$ 2,181,848**	**$ 2,181,848**	**$ 2,118,335**
fte's		15.5	14 10 PT	16		

Health Dept.

51200		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
5880	Cooperative Budget	$ 562,206	$ 562,206	$ 562,206	$ 562,206	$ 562,206
8299	New Other	-	-			
Total Op		**$ 562,206**	**$ 562,206**	**$ 562,206**	**$ 562,206**	**$ 562,206**

Social Services

53501		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 3,502,873	$ 3,583,715	$ 3,275,674	$ 3,275,674	$ 3,275,674
1200	Overtime	32,862	28,000	28,000	28,000	28,000
1300	PT/Temp Salaries	50,000	27,634	27,634	27,634	27,634
2100	FICA	274,309	278,410	254,845	254,845	254,845
2210	VRS	534,188	430,404	393,408	393,408	393,408
2300	H/C	534,586	615,612	550,752	550,752	550,752
2400	VRS Group Life	46,238	47,305	43,239	43,239	43,239
Tot Per Svcs		**$ 4,975,056**	**$ 5,011,080**	**$ 4,573,552**	**$ 4,573,552**	**$ 4,573,552**
3110	Doctors & Physical Exam Fee	$ 2,090	$ 2,090	$ 2,090	$ 2,090	$ 2,090
3150	Legal Fees	50,060	50,060	85,500	85,500	85,500
3190	Other Contractural Svcs.	89,600	89,600	89,600	89,600	89,600
3310	Repairs - Motor Vehicles	8,350	8,350	8,350	8,350	8,350
3312	Repairs - Offc Equip	2,310	2,310	1,000	1,000	1,000
5110	Electric Current	35,650	35,650	35,650	35,650	35,650
5120	Fuel	5,700	5,700	5,500	5,500	5,500
5210	Postage	30,680	30,680	30,300	30,300	30,300
5230	Telephone	42,315	25,000	42,315	42,315	42,315
5306	Insurance - Surety Bonds	2,550	2,550	1,911	1,911	1,911
5410	Rent of Equip	11,720	11,720	11,720	11,720	11,720
5420	Rent of Property	68,590	68,590	68,590	68,590	68,590
5510	Mileage Allowance	540	540	540	540	540
5530	Subsistence and Lodging	1,000	1,000	1,000	1,000	1,000
5540	Registration and Training	2,500	2,500	2,500	2,500	2,500
5560	Travel Expenses	1,000	1,000	1,000	1,000	1,000
5702	Aux Grants - Aged	159,880	131,880	147,355	147,355	147,355
5704	Aux Grants - Disabled	418,445	408,445	393,081	393,081	393,081
5705	TANF Manual Checks	6,350	6,350	-	-	-
5706	TANF Foster Care	527,780	527,780	547,847	547,847	547,847
5716	Child Welfare Serv & Adopt	1,436,000	1,200,113	1,524,000	1,524,000	1,524,000
5717	Independent Liv Prog	8,260	8,260	7,500	7,500	7,500
5718	Companion Program	90,825	60,825	60,825	60,825	60,825
5719	Prevention Alloc	40,090	40,090	30,000	30,000	30,000
5722	View - Welfare Reform	338,400	314,000	314,000	314,000	314,000
5723	Foster Parent - Adoptive	3,680	3,680	3,680	3,680	3,680
5756	Day Care Quality Enhncmnt	11,425	11,425	12,000	12,000	12,000
5760	Safe & Stable Family Grant	42,440	32,440	42,440	42,440	42,440
6001	Office Supplies	42,205	39,205	32,000	32,000	32,000
6005	Cleaning Mat & Sup	11,815	11,815	11,815	11,815	11,815
6008	Gas, Grease, & Oil	20,450	20,450	20,450	20,450	20,450
8105	Replace Motor Veh	-	-	-	-	-
8202	New Offc Equip	-	-	-	-	-
Total Op		**$ 3,512,700**	**$ 3,154,098**	**$ 3,534,559**	**$ 3,534,559**	**$ 3,534,559**
Total Budget		**$ 8,487,756**	**$ 8,165,178**	**$ 8,108,111**	**$ 8,108,111**	**$ 8,108,111**
fte's		117	0	0		

CSA

53801		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 57,444	$ 57,444	$ 57,444	$ 57,444	$ 57,444
1200	Overtime	-	-	-	-	-
1300	PT/Temp Salaries	13,342	15,084	15,084	15,084	15,084
2100	FICA	5,415	5,548	5,548	5,548	5,548
2210	VRS	8,760	6,899	6,899	6,899	6,899
2300	H/C	5,856	-	-	-	-
2400	VRS Group Life	758	758	758	758	758
Tot Per Svcs		**$ 91,576**	**$ 85,734**	**$ 85,734**	**$ 85,734**	**$ 85,734**
2820	Tuition		$ -	$ -	$ -	$ -
3850	Pool Funds	2,998,000	2,880,435	2,886,775	2,886,775	2,886,775
5560	Travel Expenses	750	750	750	750	750
5810	Dues and Subscriptions	-	-	-	-	-
5895	State Permits/License Fees	-	-	-	-	-
6001	Office Supplies	2,500	2,500	2,500	2,500	2,500
8202	New Office Equip	500	500	500	500	500
8299	New Other	500	250	-	-	-
Total Op		**$ 3,002,250**	**$ 2,884,435**	**$ 2,890,525**	**$ 2,890,525**	**$ 2,890,525**
Total Budget		**$ 3,093,826**	**$ 2,970,169**	**$ 2,976,259**	**$ 2,976,259**	**$ 2,976,259**
fte's		1	0	0		

Parks Leisure Services

71300		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 319,913	$ 328,870	$ 323,055	$ 323,055	$ 290,750
1200	Overtime	-	-	-	-	-
1300	PT/Temp Salaries	268,712	266,700	266,700	266,700	116,700
2100	FICA	45,030	45,408	45,116	45,116	31,170
2210	VRS	48,787	39,257	38,799	38,799	34,919
2300	H/C	48,048	48,048	46,368	46,368	46,370
2400	VRS Group Life	4,223	4,315	4,264	4,264	3,838
Tot Per Svcs		**$ 734,712**	**$ 730,598**	**$ 724,302**	**$ 724,302**	**$ 523,746**
3110	Doctors & Physical Exam	$ -	$ -	$ -	$ -	$ -
3140	Engineering Fees	-	-	-	-	-
3190	Other Contractural Svcs.	125,000	100,000	100,000	100,000	100,000
3312	Repairs - Offc Equip	-	-	-	-	-
3317	Repairs - Playgrounds	-	-	-	-	-
3600	Advertising	2,000	2,000	2,000	2,000	2,000
3700	Laundry Service	-	-	-	-	-
3840	Public Relations	1,000	1,000	1,000	1,000	1,000
5120	Fuel	-	-	-	-	-
5210	Postage	600	-	-	-	-
5410	Rent of Equipment	14,613	10,000	10,000	10,000	10,000
5530	Subsistence and Lodging	2,000	2,000	2,000	2,000	2,000
5540	Registration and Training	1,000	1,000	1,000	1,000	1,000
5560	Travel Expenses	3,500	3,500	3,500	3,500	3,500
5810	Dues and Subscriptions	600	600	600	600	600
5877	Activity	19,770	15,000	15,000	15,000	15,000
6001	Office Supplies	2,000	2,000	2,000	2,000	2,000
6002	Food	4,000	7,000	7,000	7,000	7,000
6008	Gas, Grease, & Oil	22,000	15,000	15,000	15,000	15,000
6011	Wearing Apparel	6,000	5,000	5,000	5,000	5,000
6012	Books	-	-	-	-	-
6013	Rec Supplies	18,000	15,540	15,540	15,540	15,540
6027	First Aid Supplies	800	800	800	800	800
6099	Small Tools	-	-	-	-	-
8102	Replace Equip	-	-	-	-	-
8205	New Other		-	-	-	-
Total Op		**$ 222,883**	**$ 180,440**	**$ 180,440**	**$ 180,440**	**$ 180,440**
Total Budget		**$ 957,595**	**$ 911,038**	**$ 904,742**	**$ 904,742**	**$ 704,186**
fte's		8	7	7		

Cemeteries

71400		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 53,949	$ 53,949	$ 53,949	$ 53,949	$ 48,554
1200	Overtime	1,000	1,000	1,000	1,000	1,000
1300	PT/Temp Salaries	49,725	49,725	49,725	49,725	49,725
2100	FICA	8,008	8,008	8,008	8,008	7,595
2210	VRS	8,227	6,479	6,479	6,479	5,831
2300	H/C	17,568	17,568	6,348	6,348	6,350
2400	VRS Group Life	712	712	712	712	641
Tot Per Svcs		**$ 139,189**	**$ 137,441**	**$ 126,221**	**$ 126,221**	**$ 119,696**
2820	Tuition & Training	$ -	$ -	$ -	$ -	$ -
3140	Engineering Fees	-	-	-	-	-
3190	Other Contractural Svcs.	5,000	-	2,000	2,000	2,000
3311	Repairs - Machinery & Motors	1,000	1,500	1,500	1,500	1,500
3600	Advertisement	-	-	-	-	-
5210	Postage	100	-	-	-	-
5530	Subsistence and Lodging	-	-	-	-	-
5540	Training & Conferences	-	-	-	-	-
5895	State Permits/License Fees	-	-	-	-	-
6001	Office Supplies	1,500	1,500	1,500	1,500	1,500
6003	Fertilizer, Seed, Spray	1,000	1,000	1,000	1,000	1,000
6008	Gas, Grease, & Oil	4,000	4,000	4,000	4,000	4,000
6011	Wearing Apparel	1,400	1,400	1,400	1,400	1,400
6099	Small Tools	100	252	252	252	252
8101	Replace Machinery & Motors	2,500	2,700	2,700	2,700	2,700
8201	New Machinery & Motors	2,000	2,000	2,000	2,000	2,000
8202	New Office Equip	-	-	-	-	-
8299	New Other	-	-	-	-	-
Total Op		**$ 18,600**	**$ 14,352**	**$ 16,352**	**$ 16,352**	**$ 16,352**
Total Budget		**$ 157,789**	**$ 151,793**	**$ 142,573**	**$ 142,573**	**$ 136,048**
fte's		3	3	3		

Library

73100		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 418,075	$ 419,007	$ 418,075	$ 418,075	$ 376,268
1200	Overtime	-	-	-	-	
1300	PT/Temp Salaries	110,792	126,688	110,792	110,792	83,094
2100	FICA	40,458	41,746	40,458	40,458	30,344
2210	VRS	63,756	50,323	63,756	63,756	47,817
2300	H/C	64,956	60,627	64,956	64,956	48,717
2400	VRS Group Life	5,519	5,531	5,519	5,519	4,139
Tot Per Svcs		**$ 703,556**	**$ 703,921**	**$ 703,556**	**$ 703,556**	**$ 527,667**
						-
3190	Other Contractural Svcs.	$ 95,086	$ 75,480	$ 95,086	$ 95,086	$ 71,315
3191	Security Guard	23,046	23,046	23,046	23,046	17,285
3600	Advertising	1,000	-	1,000	1,000	750
3840	Public Relations	15,680	20,220	15,680	15,680	11,760
5210	Postage	2,660	700	2,660	2,660	1,995
5230	Telephone	33,258	17,400	33,258	33,258	24,944
5410	Rent of Equipment	14,508	12,723	14,508	14,508	14,508
5560	Travel Expenses	1,250	1,250	1,250	1,250	938
5810	Dues and Subscriptions	880	955	880	880	660
6001	Office Supplies	6,000	6,000	6,000	6,000	4,500
6008	Gas, Grease, & Oil	3,000	2,000	3,000	3,000	2,250
6012	Books	78,000	78,000	78,000	78,000	78,000
6040	Library Supplies	8,000	8,000	8,000	8,000	6,000
6041	Gift Shop Purchases	4,000	2,000	4,000	4,000	3,000
8102	Replace Offc Equip	-	-	-	-	-
8299	New Other/Debt	16,065	16,065	16,065	16,065	16,065
Total Op		**$ 302,433**	**$ 263,839**	**$ 302,433**	**$ 302,433**	**$ 253,968**
Total Budget		**$ 1,005,989**	**$ 967,760**	**$ 1,005,989**	**$ 1,005,989**	**$ 781,635**
fte's		12	0	12		

Planning/Economic Development

81500		Adopted FY16	Request FY17	Recommend FY17	Adopted Econ FY17	Adopted-Planning FY17	Amended FY17
1101	FT Salaries	$ 172,915	$ 204,344	$ 303,000	$ 303,000	$ 233,512	$ 428,002
1104	Vehicle Allowance	3,000	6,000	6,000	6,000	-	-
1200	Overtime	-	-	-	-	-	-
1300	PT/Temp Salaries	22,754	22,754	22,754	22,754	1,704	1,704
2100	FICA	15,198	17,832	25,379	25,379	17,994	17,994
2210	VRS	26,370	24,542	36,390	36,390	28,045	28,045
2300	H/C	23,694	19,044	19,044	19,044	12,696	12,696
2400	VRS Group Life	2,282	2,697	4,000	4,000	3,082	3,082
Tot Per Svcs		**$ 266,213**	**$ 297,213**	**$ 416,567**	**$ 416,567**	**$ 297,033**	**$ 491,523**
						$ -	-
3110	Doctors & Physical Exam	$ -	$ -	$ -	$ -	$ -	$ -
3190	Other Contractural Svcs.	60,000	40,000	30,000	30,000	57,900	65,002
3191	Petersburg EDA	110,000	83,294	33,091	33,091	3,500	3,500
3600	Advertising	4,300	4,300	4,300	4,300	6,500	8,000
3700	Laundry Service	-	-	-	-	-	-
3840	Public Relations	-	-	-	-	1,250	1,250
5110	Electricity	10,500	10,500	42,000	42,000	7,500	14,854
5130	Water & Sewer	15,000	15,000	60,000	60,000	-	-
5210	Postage	115	115	115	115	500	615
5230	Telephone	-	-	-	-	500	500
5410	Rent	19,250	19,250	19,250	19,250	3,500	2,750
5530	Subsistence and Lodging	2,500	3,500	2,500	2,500	1,165	1,165
5540	Registration and Training	600	1,750	1,500	1,500	2,500	2,500
5560	Travel Expenses	2,000	3,000	3,000	3,000	300	300
5810	Dues and Subscriptions	2,000	2,000	1,500	1,500	250	250
6001	Office Supplies	1,500	1,500	1,500	1,500	500	500
8202	New Office Equip	10,000	7,000	10,000	10,000	-	-
8203	Furniture & Fixtures	16,000	14,000	16,000	16,000	-	-
Total Op		**$ 253,765**	**$ 205,209**	**$ 224,756**	**$ 224,756**	**$ 85,865**	**$ 101,186**
Total Budget		**$ 519,978**	**$ 502,422**	**$ 641,323**	**$ 641,323**	**$ 382,898**	**$ 592,709**
fte's		3	3	3			
pt			0	0			

Tourism Museum Visitor Svcs

81600		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 169,611	$ 173,611	$ 173,611	$ 173,611	$ 93,403
1200	Overtime	-	-	-	-	-
1300	PT/Temp Salaries	157,295	206,507	157,295	157,295	39,324
2100	FICA	25,008	29,079	25,314	25,314	6,329
2210	VRS	25,866	26,476	20,851	20,851	5,213
2300	H/C	25,776	-	28,152	28,152	7,038
2400	VRS Group Life	2,239	2,066	2,292	2,292	573
Tot Per Svcs		**$ 405,795**	**$ 437,739**	**$ 407,515**	**$ 407,515**	**$ 151,879**
						$ -
3165	Collections Management	$ 3,000	$ 1,500	$ 1,500	$ 1,500	$ 375
3190	Other Contractural Svcs.	25,000	15,000	15,000	15,000	3,750
3321	Pest Control	-	-	-	-	-
3600	Advertising	1,500	1,000	1,000	1,000	250
5110	Electric Current	65,000	58,000	86,000	86,000	86,000
5120	Fuel	5,000	4,000	4,100	4,100	1,025
5130	Water & Sewer Svc	8,600	5,000	17,200	17,200	4,300
5210	Postage	2,500	2,000	2,500	2,500	625
5230	Telephone	-	-	-	-	-
5420	Rent of Property	32,530	6,000	32,530	32,530	2,000
5560	Travel Expenses	500	500	500	500	125
5810	Dues and Subscriptions	1,700	1,200	700	700	175
5882	Special Prog Museums	10,000	7,500	7,500	7,500	1,875
5883	Special Pgms Exhibitions	8,000	4,700	4,700	4,700	1,175
5884	Spcl Prgrms/Arts Music	10,000	10,000	10,000	10,000	2,500
5886	Friday for the Arts	-	-	-	-	-
6001	Office Supplies	3,500	3,141	3,141	3,141	785
6008	Gas Grease and Oil	-	-	500	500	125
6005	Cleaning Mat & Sup	2,500	2,000	2,000	2,000	500
6012	Books	-	-	-	-	-
6015	Cost of Goods Sold	5,000	5,000	5,000	5,000	1,250
8202	New Office Equip	50,000	-	-	-	-
8203	New Furn & Fix	100,000	100,000	71,000	71,000	9,023
Total Op		**$ 334,330**	**226,541**	**$ 264,871**	**$ 264,871**	**$ 115,858**
Total Budget		**$ 740,125**	**$ 664,280**	**$ 672,386**	**$ 672,386**	**$ 267,737**
fte's		4	4	4		

Special Events

81700		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 90,000	$ 117,882	$ 37,882	$ 37,882	$ 34,094
1200	Overtime	-	500	-	-	
1300	PT/Temp Salaries	5,400	5,400	5,900	5,900	5,902
2100	FICA	7,298	9,469	3,349	3,349	3,060
2210	VRS	13,725	17,977	4,550	4,550	4,095
2300	H/C	5,856	-	5,856	5,856	5,858
2400	VRS Group Life	1,188	1,403	500	500	450
Tot Per Svcs		**$ 123,467**	**$ 152,631**	**$ 58,037**	**$ 58,037**	**$ 53,458**
2820	Tuition	$ -	$ -	$ -	$ -	$ -
3190	Other Contractural	-	10,000	20,000	20,000	20,000
3600	Advertising	42,500	42,500	15,000	15,000	15,000
3840	Public Relations	7,000	7,000	5,000	5,000	5,000
5110	Electric Current	21,000	-	-	-	-
5130	Water & Sewer Services	5,000	-	-	-	-
5410	Rental of Property	14,700	-	-	-	-
5510	Mileage Allowance	-	-	-	-	-
5530	Subsistence and Lodging	2,000	4,000	-	-	-
5540	Registration and Training	500	2,500	-	-	-
5560	Travel	3,000	3,000	-	-	-
5810	Dues & Subs	-	-	-	-	-
5882	Spcl Prgrms/Dance Culture	3,000	7,000	-	-	-
5886	Friday for the Arts	10,000	10,000	10,000	10,000	10,000
5895	State Permits/Lic Fees	-	5,000	5,000	5,000	5,000
6001	Office Supplies	1,500	3,500	1,500	1,500	1,500
6002	Food	-	2,000	-	-	-
6008	Gas, Grease, & Oil	-	500	-	-	-
6043	Beautification Supplies	15,000	20,000			
8203	new Furniture & Fixtures	1,000	-	-	-	-
8205	New Motor Vehicle		-	-	-	-
8202	New Office Equip	50,000	-	-	-	-
8203	Furniture & Fixtures	75,000	-	-	-	-
Total Op		**$ 251,200**	**$ 117,000**	**$ 56,500**	**$ 56,500**	**$ 56,500**
Total Budget		**$ 374,667**	**$ 269,631**	**$ 114,537**	**$ 114,537**	**$ 109,958**
fte's		2	0	0		

Risk Management

91400		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 96,020	$ 96,020	$ 72,680	$ 72,680	$ 65,412
1200	Overtime	-	-	-	-	2
1300	PT/Temp Salaries	-	-	-	-	-
2100	FICA	7,346	7,346	5,560	5,560	5,004
2210	VRS	14,643	11,532	8,729	8,729	7,856
2300	H/C	-	-	-	-	-
2400	VRS Group Life	1,267	1,267	959	959	863
Tot Per Svcs		**$ 119,276**	**$ 116,165**	**$ 87,928**	**$ 87,928**	**$ 79,138**
2700	Workman Comp	$ 264,182	$ 266,055	$ 266,055	$ 266,055	$ 266,055
3190	Contractual\Purchased Serv	35,900	35,900	35,900	35,900	35,900
5210	Postage	200	200	200	200	200
5230	Telephone	-	-	-	-	-
5302	Insurance Buildings	183,539	160,832	160,832	160,832	160,832
5304	Insurance - Other	21,594	20,215	20,215	20,215	20,215
5305	Insurnace - Auto	354,073	299,669	299,669	299,669	299,669
5308	Gen Liability Insurance	225,197	233,663	233,663	233,663	233,663
5309	Insurance Fire Theft Auto	800	800	800	800	800
5311	Line of Duty - Public Safety	156,690	130,229	130,229	130,229	130,229
5312	Flood Insurance	50,482	58,398	58,398	58,398	58,398
5530	Subsistence and Lodging	-	-	-	-	-
5540	Registration and Training	800	800	800	800	800
5560	Travel	-	-	-	-	2
5810	Dues & Subs	200	200	200	200	200
5882	Spec Prgms & Exhibits	-	-	-	-	-
5899	Contingences	-	-	350,000	350,000	350,000
6001	Office Supplies	2,000	2,000	2,000	2,000	2,000
6002	Food	-	-	-	-	-
6013	Training & Public Ed Suppl	500	500	500	500	500
6027	First Aid Supplies	-	-	-	-	-
8102	Replace Offc Equip	-	-	-	-	-
8103	Replace Furn & Fixt	-	-	-	-	-
8202	New Office Equip	-	-	-	-	-
Total Op		**$ 1,296,157**	**$ 1,209,461**	**$ 1,559,461**	**$ 1,559,461**	**$ 1,559,463**
Total Budget		**$ 1,415,433**	**$ 1,325,626**	**$ 1,647,389**	**$ 1,647,389**	**$ 1,638,601**
fte's		2				

Non Dept

92101	Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
4H - Southeast Region	$ -	$ -	$ -	$ -	$ -
American Red Cross	2,000	3,000	1,900	1,900	-
Appomattox River Soil & Water Conserv.District	-	5,000	4,000	4,000	4,000
Black History Month	10,000	-	9,620	9,620	-
C.V.W.M.A.	15,735	15,562	-	-	-
Chamber of Commerce	1,000	-	1,000	1,000	-
Crater Criminal Justice	81,655	-	62,957	62,957	62,957
Crater Dist Area Agncy DN	2,000	17,145	1,925	1,925	1,925
Crater Juv Det Home	498,231	-	498,231	498,231	498,231
Crater Planning Dist	21,073	21,073	21,073	21,073	21,073
Dogwood Trace Golf Course Subsidy	248,219	236,934	143,467	143,467	-
District 19 - Mental Health	193,523	209,185	209,185	209,185	209,185
Employee Recognition Events	8,500	-	6,000	6,000	-
Feed More	3,000	5,000	2,500	2,500	-
Forensic Audit	-	-	230,000	230,000	230,000
Friends of the Appomattox	-	8,175	3,000	3,000	-
Freedom Center	-	-	150,284	150,284	150,284
Fund Balance	750,000	750,000	-	-	-
Youth Empowerment Program	-	-	-	-	-
Health Care Alliance	50,000	-	-	-	-
Health Care Increase	224,024	-	-	-	-
Host Agreement - Refuse	50,000	50,000	-	-	-
John Tyler	5,000	5,361	4,500	4,500	-
Legal Aid Justice Center	59,200	65,000	59,200	59,200	-
Longwood Univ Small Business	-	5,000	4,810	4,810	-
National League Of Cities	3,388	-	3,388	3,388	-
PAAL	-	-	-	-	-
Council Contingency/PAYGO	-	-	-	-	-
Petg Area Regional Tourism	32,500	38,500	38,500	38,500	38,500
Petersburg Athletic League	-	-	-	-	-
Petersburg Ballet	-	-	-	-	-
Petersburg Area Transit Subsidy	246,592	236,591	224,484	224,484	-
Petersburg Generals Subsidy	108,011	-	64,616	64,616	-
PPL Inc.	350,000	213,380	213,380	213,380	113,467
Petersburg Symphony	10,000	10,000	9,620	9,620	-
Pre-Trial Match	24,023	-	-	-	-
Regional Med Flight	3,200	1,000	1,000	1,000	-
Reserve For Contingencies	-	-	30,677	30,677	-
Richard Bland College	3,000	5,000	8,500	8,500	-
Riverside Regional Jail	3,844,179	3,292,195	3,292,195	3,292,195	3,292,195
South Centre Corridors RCDC	1,500	-	-	-	-
Southside Va Emer Crew	183,000	183,000	183,000	183,000	183,000
Triad	-	-	10,000	10,000	
Halifax Music Festival	5,000	8,100	5,000	5,000	5,000
Va Coop Extnsn Svc	40,000	-	-	-	-

Non Dept

92101	Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
Va First Cities	15,763	-	15,763	15,763	-
Virginia Historical Society	-	1,500	-	-	-
Virginia Institute of Gov	1,500	1,500	1,500	1,500	-
Virginia Municipal League	12,280	-	12,280	12,280	-
Virginia State University	7,500	8,000	8,500	8,500	-
Virginia's Gateway Region	32,405	37,405	32,405	32,405	32,405
Public/Private Partnership for Museums	-	-	-	-	25,000
150 Year Celebration	-	-	-	-	-
Total Budget	**$ 7,147,001**	**$ 5,432,606**	**$ 5,568,460**	**$ 5,568,460**	**$ 4,867,222**

Debt

95101		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
9110	Bond Principal	$ 991,235	$ 2,119,811	$ 2,119,811	$ 2,119,811	$ 2,210,746
9111	Literary Loans	425,000	425,000	425,000	425,000	425,000
9120	Interest on Bonds	1,293,863	1,239,063	1,239,063	1,239,063	1,346,436
9121	Interest on Litereary Bonds	54,000	43,500	43,500	43,500	36,000
9122	Capital Leases	1,352,155	545,199	545,199	545,199	533,357
9123	Capital Leases Interest		-	-	-	-
9130	Other Debt	464,074	-	-	-	-
9130	PPL Inc.	-	96,000	96,000	96,000	-
9140	QZAB		474,904	474,904	474,904	474,454
Total Budget		**$ 4,580,327**	**$ 4,943,477**	**$ 4,943,477**	**$ 4,943,477**	**$ 5,025,993**

Special Funds

212	Adopted FY16	Request FY17	Adopted FY17	Amended FY17
Commonwealth Attorney	$ 288,096	$ 296,760	$ 296,760	$ 268,816
Community Correction	339,124	358,257	358,257	358,257
Court Services	368,990	338,589	338,589	338,589
Economic Development	218,198	859,000	859,000	250,000
Fire	1,045,832	1,422,865	1,422,865	275,000
Freedom Center	166,400	76,000	76,000	76,000
Library	145,000	170,000	170,000	170,000
Office of Youth	117,448	128,186	128,186	31,625
Parks & Leisure Services	-	-	-	-
Purchasing Dept	-	-	-	-
Planning	110,000	9,270	9,270	9,270
Police	733,270	90,000	90,000	-
Public Works	7,334,566	9,896,543	9,896,543	7,026,133
Public Relation		-	-	-
Sherriff and Jail	718,039	14,500	14,500	14,500
Social Services	78,000	109,500	109,500	109,500
Workforce Investment	-	1,278,424	1,278,424	1,278,424
Total Special Fund	**$ 11,662,963**	**15,047,894**	**$ 15,047,894**	**$ 10,206,114**

Agency	Adopted FY16	Request FY17	Adopted FY17	Amended FY17
Commonwealth Attorney				
Asset Forfeiture Commwealth Justice Funds	$ 1,067	$ 1,067	$ 1,067	$ 1,067
Asset Forfeiture Commwealth Attorney State	40,615	26,293	26,293	15,000
Asset Forfeiture Commwealth Federal	21,651	21,651	21,651	5,000
Mental Health Docket	23,329	16,100	16,100	16,100
Victim Witness	201,434	231,649	231,649	231,649
Total Agency Special Funds	**$ 288,096**	**296,760**	**$ 296,760**	**$ 268,816**
Community Correction				
Petersburg Community Correction Grant Program	$ 288,202	$ 358,257	$ 358,257	$ 358,257
Pretrial Program	50,922	-	-	-
Total Agency Special Funds	**$ 339,124**	**358,257**	**$ 358,257**	**$ 358,257**
Court Services				
Community Crime Control	$ 191,051	$ 160,650	$ 160,650	$ 160,650
Courthouse Construction	177,939	177,939	177,939	177,939
Total Agency Special Funds	**$ 368,990**	**338,589**	**$ 338,589**	**$ 338,589**
Economic Development				
Economic Development Incentive	$ 218,198	$ 809,000	$ 809,000	$ 200,000
Agriculture and consumer services	-	50,000	50,000	50,000

Special Funds

212	Adopted FY16	Request FY17	Adopted FY17	Amended FY17
Total Agency Special Funds	**$ 218,198**	**859,000**	**$ 859,000**	**$ 250,000**
Fire				
Citizen Corps Program (CERT)	$ 26,482	$ -	$ -	$ -
Fire Citizen Corp Program	17,140	-	-	-
Fire Dispatch Program	4,080	-	-	-
Fire Homeland Security	54,000	-	-	-
Fire Program Fund	168,000	90,000	90,000	-
Fire State Program	728,780	728,780	728,780	-
Asistant Fire Grant	-	568,410	568,410	-
Fire Four Life	25,000	25,000	25,000	25,000
LEMPG 2013	10,675	-	-	-
LEMPG 2014	10,675	-	-	-
LEMPG 2016	-	10,675	10,675	-
Fire Grant	1,000	-	-	250,000
Total Agency Special Funds	**$ 1,045,832**	**$ 1,422,865**	**$ 1,422,865**	**$ 275,000**
Freedom Center				
Freedom Center	$ 166,400	$ 76,000	$ 76,000	$ 76,000
Total Agency Special Funds	**$ 166,400**	**$ 76,000**	**$ 76,000**	**$ 76,000**
Library				
Health Living and Learning Center	$ 20,000	$ 20,000	$ 20,000	$ 20,000
Law Library	125,000	100,000	100,000	100,000
Health Living (Cameron)	-	50,000	50,000	50,000
Total Agency Special Funds	**$ 145,000**	**$ 170,000**	**$ 170,000**	**$ 170,000**
Office on Youth (Workforce)				
Capital Area Partnership Uplifting People	$ 20,887	$ 31,625	$ 31,625	$ 31,625
Workforce Investment Act (WIA)	96,561	96,561	96,561	-
Total Agency Special Funds	**$ 117,448**	**128,186**	**$ 128,186**	**$ 31,625**
Park and Leisure services				
Summer Food/Feeding Program	$ -	$ -	$ -	$ -
Total Agency Special Funds	**$ -**	**$ -**	**$ -**	**$ -**
Purchasing Dept				
PPEA Projects	$ -	$ -	$ -	$ -
Total Agency Special Funds	**$ -**	**$ -**	**$ -**	**$ -**
Planning				
Centre Hill Mansion Cameron	$ 10,000	$ 9,270	$ 9,270	$ 9,270

Special Funds

212	Adopted FY16	Request FY17	Adopted FY17	Amended FY17
Jarratt House	100,000	-	-	-
Total Agency Special Funds	**$ 110,000**	**9,270**	**$ 9,270**	**$ 9,270**

Police

CIT Assestment	$ 182,500	$ 90,000	$ 90,000	$ -
Asset Fortfeiture Police Federal	70,000	-	-	-
Asset Fortfeiture Police State	270,000	-	-	-
Bullet Proof Vest	25,000	-	-	-
Highway Safety Grant (DMV)	115,770	-	-	-
In Car Camera Grant	28,000	-	-	-
Police Swat Grant	25,000	-	-	-
US Marshall	17,000	-	-	-
24 computer replacement project	-	-	-	-
Total Agency Special Funds	**$ 733,270**	**$ 90,000**	**$ 90,000**	**$ -**

Public Works

A1 Gateway Adoption	$ 700,000	$ 700,000	$ 700,000	$ 700,000
Area signal cordination	560,460	560,460	560,460	200,050
Fee for Modification	6,300	6,300	6,300	6,300
Litter Control Grant	8,055	10,000	10,000	10,000
Permits Issuance Fees	23,832	23,832	23,832	23,832
Southside Depot Restoration	725,741	163,876	163,876	163,876
Street Operation -VDOT	5,289,868	5,282,075	5,282,075	5,282,075
Wilcox Lake Dam Project	20,310	-	-	-
CBRAP PROJECT	-	-	-	-
Route 460 paving overlay	-	1,300,000	1,300,000	40,000
East Washington ST Route 36	-	600,000	600,000	600,000
Wagner Road Underdrain Installation	-	600,000	600,000	-
West Washington Street	-	650,000	650,000	-
Total Agency Special Funds	**$ 7,334,566**	**$ 9,896,543**	**$ 9,896,543**	**$ 7,026,133**

Public Relation

I am Petersburg	$ -	$ -	$ -	$ -
Total Agency Special Funds	**$ -**	**$ -**	**$ -**	**$ -**

Sheriff and Jail

ED Byrne STEPS	$ 28,250	$ 12,000	$ 12,000	$ 12,000
Sheriff asset forfeiture program	372,766			
VCPI Grant	282,000	-	-	-
Sheriff vine Program	33,000	-	-	-
Triad	2,023	2,500	2,500	2,500
Total Agency Special Funds	**$ 718,039**	**$ 14,500**	**$ 14,500**	**$ 14,500**

Social Services

Special Funds

212	Adopted FY16	Request FY17	Adopted FY17	Amended FY17
Afro-American Adoption Grant	$ 78,000	$ 109,500	$ 109,500	$ 109,500
Total Agency Special Funds	**$ 78,000**	**$ 109,500**	**$ 109,500**	**$ 109,500**
Workforce Investment Acts				
Workforce Investment	$ -	$ 1,278,424	$ 1,278,424	$ 1,278,424
Total Agency Special Funds	**$ -**	**$ 1,278,424**	**$ 1,278,424**	**$ 1,278,424**
Transfer from General Fund				$ -
Total Special Fund	**$ 11,662,963**	**$ 15,047,894**	**$ 15,047,894**	**$ 10,206,114**

Community Development Block Grant

213	Amended FY17
REVENUES	
FY 2017 Entitlement	$ 596,163
TOTAL REVENUES	$ 596,163
EXPENDITURES	
CDBG Projects (Code Compliance)	$ 475,073
Administrative Cost	$ 121,090
Transfers To Other Funds:	
General Fund:	$ 0
TOTAL EXPENDITURES	$ 596,163

Utilities

501		Adopted FY16	Recommended FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 1,286,262	$ 1,322,291	$ 1,322,291	$ 1,097,062
1200	Overtime	80,000	120,000	120,000	120,000
1300	PT/Temp Salaries	10,000	5,000	5,000	5,000
2100	FICA	105,284	110,718	110,718	93,488
2210	VRS	196,155	158,807	158,807	131,757
2300	H/C	181,552	233,782	233,782	153,589
2400	VRS Group Life	16,979	17,454	17,454	14,481
Tot Per Svcs		**$ 1,876,232**	**$ 1,968,052**	**$ 1,968,052**	**$ 1,615,377**
2700	Work Comp	$ -	$ -	$ -	$ -
2820	Tuition	3,000	1,500	1,500	1,500
3110	Doctors & Phys Exam Fees	2,000	2,300	2,300	2,300
3140	Engineering Fees	75,000	54,000	54,000	54,000
3190	Other Contractural Services	65,000	129,712	129,712	155,217
3310	Repairs - Motor Vehicles	30,000	45,000	45,000	45,000
3311	Repairs - MCHY & MTRS	40,000	35,000	35,000	35,000
3312	Repairs - Offc Equip	1,700	1,600	1,600	1,600
3314	Repairs - Heating & Cool Equ	-	-	-	-
3315	Repairs - Sts & Sidewalks	225,000	240,505	240,505	-
3316	Repairs - Bldg & Grounds	10,000	1,000	1,000	22,793
3321	Pest Control	130	150	150	150
3600	Advertising	3,000	2,300	2,300	2,300
5110	Electric Current	71,000	68,000	68,000	68,000
5120	Fuel	3,000	3,000	3,000	3,000
5130	Water & Sewer Svc	4,500	4,800	4,800	4,800
5140	Landfill	-	-	-	-
5210	Postage	25,000	45,000	45,000	45,000
5230	Telephone	30,000	32,000	32,000	32,000
5302	Insurance Buildings	4,000	4,000	4,000	4,000
5304	Insurance - Liability	12,000	4,000	4,000	4,000
5305	Insurance - Auto	4,170	4,200	4,200	4,200
5308	Gen Liability Insurance	-	-	-	-
5309	Insurance Fire Theft Auto	160	-	-	-
5410	Rent of Equip	30,000	34,000	34,000	34,000
5420	Rent of Property	3,500	1,000	1,000	1,000
5530	Sub & Lodg		2,000	2,000	2,000
5540	Registration Training		4,000	4,000	4,000
5560	Travel	5,000	500	500	500
5810	Dues & Subs	1,000	1,000	1,000	1,000
5895	State Permits/License	26,250	55,000	55,000	55,000
5896	Wastewater Trmnt Svc.	3,637,603	4,796,539	4,796,539	4,796,539
6001	Office Supplies	5,000	7,000	7,000	7,000
6002	Food		500	500	500
6005	Cleaning Mat & Sup	3,800	6,000	6,000	6,000
6008	Gas, Grease, Oil	65,000	65,000	65,000	65,000
6011	Wearing Apparel	20,000	24,000	24,000	24,000
6014	Other	-	-	-	-

Utilities

501		Adopted FY16	Recommended FY17	Adopted FY17	Amended FY17
6015	Water Purchased for Resale	1,262,247	1,523,954	1,523,954	1,523,954
6021	Construction materials	90,000	100,000	100,000	100,000
6025	Diesel Fuel Mach & Eq	18,000	18,000	18,000	18,000
6026	Service Connctn Materials	100,000	50,000	50,000	50,000
6027	First Aid Supplies	500	-	-	-
6028	Water & Sewer Mat & Sup	190,000	150,000	150,000	150,000
6099	Small Tools	15,000	10,000	10,000	10,000
6101	Computer hardware	-	-	-	-
8101	Replace MCHY & Mtrs	60,000	-	-	-
8105	Replace Motor Veh	-	-	-	-
8201	New Mach & Motors	20,000	-	-	-
8202	New Office Equip	6,000	-	-	-
8220	Computer Software	-	-	-	-
8221	Computer Hardware	-	-	-	-
8302	Sewage Collection System	380,000	50,000	-	-
8304	Water Distibution System	185,000	50,000	-	-
9115	Transfer to Other Funds	-	135,000	-	-
Total Op		**$ 6,732,560**	**$ 7,761,560**	**$ 7,526,560**	**$ 7,333,353**
Total Budget		**$ 8,608,792**	**$ 9,729,612**	**$ 9,494,612**	**$ 8,948,730**
fte's		40	43	43	43

Utilities

501		Adopted FY16	Recommended FY17	Adopted FY17	Amended FY17
Pumping ALL					
2820	Tuition	$ -	$ -	$ -	$ -
3190	Other Contractural Svcs.	-	-	-	-
3311	Repairs - Mchy & Mtrs	75,000	20,000	20,000	20,000
3314	Repairs - Heat & Cool Equip		-	-	-
3316	Repairs - Bldg & Grnds	4,500	2,000	2,000	2,000
5110	Electric Current	85,500	100,000	100,000	100,000
5130	Water & Sewer Service		-	-	-
6005	Cleaning Mat & Sup	1,000	100	100	100
6014	Other Operating Supplies	1,900	200	200	200
6024	Gas, Grease, & Oil	3,000	-	-	-
6025	Diesel Fuel	11,000	300	300	300
6099	Small Tools	3,000	1,000	1,000	1,000
8299	New Equipment	-	300	300	300
Total Pumping		**$ 184,900**	**$ 123,900**	**$ 123,900**	**$ 123,900**

	Adopted FY16	Recommended FY17	Adopted FY17	Amended FY17
Water/Utility Lines	$ 8,608,792	$ 9,729,612	$ 9,494,612	$ 8,948,730
Pumping Stations	184,900	123,900	123,900	123,900
Debt Services	517,422	916,600	916,600	1,087,512
Contingencies	375,000	$0	$0	$40,000
Total Budget	**$ 9,686,114**	**$ 10,770,112**	**$ 10,535,112**	**$ 10,200,142**

Revenue				
Water Sales	$ 3,103,784	$ 3,828,611	$ 3,828,611	$ 3,828,611
Sewer Sales	5,971,607	6,491,501	6,491,501	6,371,531
Misc	650,000	450,000	450,000	-
	$ 9,725,391	**$ 10,770,112**	**$ 10,770,112**	**$ 10,200,142**

Stormwater

502	Adopted FY16	Recommended FY17	Adopted FY17	Amended FY17
Stormwater Program	$ 1,138,845	$ 1,138,845	$ 1,138,845	$ 522,572
Stormwater Debt Payments	-	-	-	641,524
Storm Management Program	17,870	17,870	17,870	17,870
Total Budget	$ 1,156,715	$ 1,156,715	$ 1,156,715	$ 1,181,967

	FY16 Adopted	FY17 Proposed	FY17 Adopted	FY17 Amended
Stormwater Fees	$ 1,138,845	$ 1,138,845	$ 1,138,845	$ 1,181,967

Dogwood Trace

550		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 143,652	$ 259,625	$ 259,625	$ 259,625	$ 259,625
1200	Overtime	-	-	-	-	-
1300	PT/Temp Salaries	27,000	73,760	73,760	73,760	73,760
2100	FICA	13,055	25,504	25,504	25,504	25,504
2210	VRS	21,907	31,181	31,181	31,181	31,181
2300	H/C	14,064	37,260	37,260	37,260	37,260
2400	VRS Group Life	1,896	3,427	3,427	3,427	3,427
Tot Per Svcs		**$ 221,574**	**$ 430,757**	**$ 430,757**	**$ 430,757**	**$ 430,757**
2820	Education	$ -	$ -	$ -	$ -	$ -
3120	Auditing	2,500	2,500	2,500	2,500	2,500
3190	Other Contractural Svcs.	-	-	1,516	1,516	1,516
3191	Va Sales Tax	14,221	14,221	14,221	14,221	14,221
3192	City Tax	336	336	336	336	336
3316	Grounds Maintenance	443,500	133,350	103,012	103,012	103,012
3600	Advertising	5,500	2,500	2,500	2,500	2,500
3840	Public Relations	6,000	2,000	2,000	2,000	2,000
5110	Electric Current	14,000	21,000	21,000	21,000	21,000
5120	Fuel	12,000	25,000	25,000	25,000	25,000
5130	Water & Sewer Service	11,000	15,000	15,000	15,000	15,000
5230	Telephone	5,000	3,000	3,000	3,000	3,000
5304	Insurance - Liability	7,500	7,500	7,500	7,500	7,500
5410	Rent - Golf Carts	55,500	55,500	55,500	55,500	55,500
5420	Rent of Property	17,700	-	-	-	-
5560	Travel Expense	750	-	-	-	-
5810	Dues & Subs	7,000	9,500	9,500	9,500	9,500
5895	State Permits/License Fees	-	-	-	-	-
6001	Office Supplies	2,000	4,500	4,500	4,500	4,500
6005	Cleaning Mat & Sup	3,500	4,500	4,500	4,500	4,500
9110	Bond Principal	-	-	-	-	-
9120	Interest on Bonds	72,183	82,183	82,183	82,183	82,183
8299	Debt Service	181,942	184,942	184,942	184,942	184,942
Total Op		**$ 862,232**	**$ 567,532**	**$ 538,710**	**$ 538,710**	**$ 538,710**
Total Budget		**$ 1,083,806**	**$ 998,289**	**$ 969,467**	**$ 969,467**	**$ 969,467**
	fte's	3	0	0		
	Revenue	**$ 821,763**	**$ 826,000**	**$ 826,000**	**$ 856,000**	**$ 856,000**
	General Fund Subsidy	**$ 262,043**	**$ 172,289**	**$ 143,467**	**$ 113,467**	**$ 113,467**
	Total	**$ 1,083,806**	**$ 998,289**	**$ 969,467**	**$ 969,467**	**$ 969,467**
	Revenue Detail					
	Green Fees				$ 495,000	$ 495,000
	Cart Fees				198,000	198,000
	Pro Shop Sales				86,000	86,000

Dogwood Trace

550

	Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
Food & Beverage				32,000	32,000
Mowing Revenue				30,000	30,000
Sales Tax				15,000	15,000
Total Revenue				**$ 856,000**	**$ 856,000**

Petersburg Generals

555		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ -	$ -	$ -	$ -	$ -
1200	Overtime	-		-		
1300	PT/Temp Salaries	9,300	-	-	-	-
2100	FICA	711	-	-	-	-
2210	VRS	-	-	-	-	-
2300	H/C	-	-	-	-	-
2400	VRS Group Life	-	-	-	-	-
Tot Per Svcs		**$ 10,011**	**$ -**	**$ -**	**$ -**	**$ -**
3120	Auditing	$ -	$ -	$ -	$ -	$ -
3190	Other Contractural Svcs.	60,000	61,000	46,116	46,116	46,116
3312	Repairs - Office Equip	-	-	-	-	-
3600	Advertising	5,000	-	-	-	-
3700	Laundry Service	-	-	-	-	-
5210	Postage	400	-	-	-	-
5230	Telephone	4,500	2,500	2,500	2,500	2,500
5410	Rent of Equipment	1,500	-	-	-	-
5560	Travel Expenses	10,000	10,000	10,000	10,000	10,000
5810	Dues & Subs	-	-	-	-	-
6001	Office Supplies	900	500	500	500	500
6002	Food	2,500	2,000	2,000	2,000	2,000
6003	Fertilizer, Seed, Spray	20,000	10,000	10,000	10,000	10,000
6005	Cleaning Mat & Sup	-	-	-	-	-
6008	Gas, Grease, & Oil	5,000	4,000	4,000	4,000	4,000
6011	Wearing Apparel	3,200	-	-	-	-
6013	Athletic Supplies	13,000	13,000	13,000	13,000	13,000
6014	Other Operating Supplies	1,500	-	-	-	-
6027	First Aid Supplies	500	1,500	1,500	1,500	1,500
8102	Replace Equipment	-	-	-	-	-
8299	Replace Motor Vehicles	-	-	-	-	-
Total Op		**$ 128,000**	**$ 104,500**	**$ 89,616**	**$ 89,616**	**$ 89,616**
Total Budget		**$ 138,011**	**$ 104,500**	**$ 89,616**	**$ 89,616**	**$ 89,616**
	fte's					
	Revenue - Admission	**$ 30,000**	**$ 20,000**	**$ 25,000**	**$ 25,000**	**$ 25,000**
	General Fund Subsidy	**$ 108,011**	**$ 84,500**	**$ 64,616**	**$ 64,616**	**$ 64,616**
	Total	**$ 138,011**	**$ 104,500**	**$ 89,616**	**$ 89,616**	**$ 89,616**

Mass Transit

575		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
1101	FT Salaries	$ 1,305,615	$ 1,445,835	$ 1,445,835	$ 1,445,835	$ 1,240,252
1200	Overtime	30,000	150,000	150,000	150,000	150,000
1300	PT/Temp Salaries	234,749	210,000	210,000	210,000	210,000
2100	FICA	117,838	110,530	126,671	126,671	110,944
2210	VRS	199,106	170,547	173,645	173,645	148,954
2300	H/C	211,510	250,398	250,398	250,398	250,398
2400	VRS Group Life	17,234	18,745	19,085	19,085	16,371
2700	Employee Liability -Workmans Comp		800	800	800	800
Tot Per Svcs		**$ 2,116,052**	**$ 2,356,855**	**$ 2,376,434**	**$ 2,376,434**	**$ 2,127,720**
2820	Tuition	$ -	$ 800	$ 800	$ 800	$ 800
3110	Doctors & Phys Exam Fees	5,000	5,100	5,100	5,100	5,100
3120	Auditing	-	-	-	-	-
3165	Transit Credit Card Fees		1,300	1,300	1,300	1,300
3190	Other Contractural Svcs.	10,000	18,000	21,330	21,330	21,330
3199	GRTC	200,000	200,000	200,000	200,000	200,000
3310	Repairs - Motor Vehicles	40,000	22,000	22,000	22,000	22,000
3311	Repairs - Mach & Mtrs	-	-	-	-	-
3312	Repairs - Office Equip	-	7,000	7,000	7,000	7,000
3313	Repairs - Radio Equip	-	4,000	4,000	4,000	4,000
3316	Repairs - Bldgs & Grnds	8,000	11,000	11,000	11,000	11,000
3317	Repairs - Other		2,000	2,000	2,000	2,000
3321	Pest Control	-	120	120	120	120
3600	Advertising	1,500	500	500	500	500
3700	Laundry Service	-	-	-	-	-
3840			1,000	1,000	1,000	1,000
5110	Electric	55,000	20,060	20,060	20,060	20,060
5120	Fuel	8,000	3,000	3,000	3,000	3,000
5130	Water & Sewer Svc	17,000	17,000	17,000	17,000	17,000
5210	Postage	250	475	475	475	475
5230	Telephone	30,000	38,500	38,500	38,500	38,500
5304	Insurance - Property		19,000	19,000	19,000	19,000
5305	Insurance - Auto	29,590	10,590	10,590	10,590	10,590
5411	Rent of Property	-	-	-	-	-
5540	Registration and Training	2,000	1,000	1,000	1,000	1,000
5560	Travel Expenses	5,000	3,000	3,000	3,000	3,000
5810	Dues and Subscriptions	2,500	2,000	2,000	2,000	2,000
6001	Office Supplies	5,000	1,000	1,000	1,000	1,000
6002	Food	500	500	500	500	500
6005	Cleaning Mat & Sup	10,000	10,000	10,000	10,000	10,000
6008	Gas, Grease, & Oil	390,000	318,000	282,984	282,984	264,636
6011	Wearing Apparel	9,000	3,500	3,500	3,500	3,500

Mass Transit

575		Adopted FY16	Request FY17	Recommend FY17	Adopted FY17	Amended FY17
6013	Training and Pub Ed Supplies	-	800	800	800	800
6014	Other Operating Supplies	-	4,000	4,000	4,000	4,000
6027	First Aid Supplies	500	100	100	100	100
6029	Garage Supplies	-	5,000	5,000	5,000	5,000
6030	Tires & Tubes	35,000	35,000	35,000	35,000	35,000
6032	Bus Tickets	5,000	5,000	5,000	5,000	5,000
6099	Small Tools	-	1,500	1,500	1,500	1,500
8105	Replace Motor Vehicles	-	-	-	-	-
8299	New - Other	-	-	-	-	-
9115	Transfer to Other Funds	35,700	75,000	75,000	75,000	20,000
9122	Capital Leases	-	-	-	-	-
Total Op		$ 904,540	$ 846,845	$ 815,159	$ 815,159	$ 741,811
Total Budget		**$ 3,020,592**	**$ 3,203,700**	**$ 3,191,593**	**$ 3,191,593**	**$ 2,869,531**
	fte	39	0	0	0	0
	pt					

Revenue	**$ 2,774,000**	**$ 2,645,047**	**$ 2,645,047**	**$ 2,967,109**	**$ 2,645,047**
General Fund Subsidy	**$ 246,592**	**$ 558,653**	**$ 546,546**	**$ 224,484**	**$ 224,484**
Total	**$ 3,020,592**	**$ 3,203,700**	**$ 3,191,593**	**$ 3,191,593**	**$ 2,869,531**

Revenue Detail	
FTA	$ 913,207
FTA (PM)	625,000
City of Hopewell	218,000
State	473,740
FLAP Operating	-
Farebox	380,100
Misc.	35,000
Total Opr Rev	**$ 2,645,047**
Cap Rev	-
	$ 2,645,047

99250		Adopted FY17	Amended FY17
	City of Petersburg	11,895,762	8,474,762

APPENDIX H

REPORT OF PUBLIC FINANCIAL MANAGEMENT DATED AUGUST 22, 2016 REGARDING THE CITY OF PETERSBURG, VIRGINIA

PETERSBURG: A NEED FOR ACTION, A PATH FORWARD

Recommendations for the FY 2017 Program to Eliminate the Gap (PEG)

August 22, 2016

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Introduction

The City of Petersburg faces an immediate, severe and significant threat to its fiscal well-being. The August 3 Commonwealth of Virginia technical assistance team report points to a set of problems that require immediate action to ensure the City's solvency.[1]

The Commonwealth technical assistance team noted that the City has had multiple years of deficit spending and projected a structural deficit of $12 million in its recently adopted FY 2017 budget. At the same time, the Commonwealth technical assistance team noted that the City – as of June 30 – had insufficient cash to meet over $14 million in unpaid obligations to external entities. Absent some form of short term financing, it is unlikely that the City would be able to continue to pay its workers through the current calendar year.

The City's financial advisor, Davenport & Company, reported to the City Council that the City would need to develop a realistic cash flow analysis and a set of corrective actions to close the FY 2017 budget gap before it would be able to seek short term financing to meet its cash flow requirements and a longer term restructuring that would allow the City to pay off its accumulated unpaid obligations.

This report outlines a series of recommendations of budgetary actions to close the reported FY 2017 structural deficit and begin to right the City's fiscal ship going forward. The recommendations are designed to produce recurring revenue or recurring savings and do not generally include one-time actions that would fail to achieve longer term fiscal sustainability.

The goal of this report is to guide the City Council in enacting a set of corrective actions – what we refer to as a program to eliminate the gap (PEG) – that would eliminate the FY 2017 deficit and allow the City to seek and obtain short-term financing..

None of the steps recommended in this report will be easy. Based on our experience working with local governments across the nation, we have attempted to develop a set of recommendations with a goal of minimizing the impact on City residents and employees. Still, these recommendations include significant increases in taxes, significant reductions in services and layoffs of City workers.

These will not be the only steps that the City will need to take to achieve fiscal sustainability over the coming years. Given the state of the City's economy and finances, it is more likely than not that the City will again face deficits in FY 2018 and future years before it is fully able to turn the corner on issues affecting its fiscal health.

In reviewing these recommendations, we would urge the City Council – as well as City employees and City residents – to keep four things in mind:

- The City has no choice but to take further action. As we noted in an earlier analysis of the FY 2017 budget, "Further reductions in City spending and increases in City revenue

[1] On May 27, 2016, the Acting City Manager informally requested technical assistance from the Commonwealth, followed by a more formal request on June 10, 2016. The Commonwealth team began its work on June 13, 2016.

will likely be necessary to achieve structural balance and eliminate the reliance on short-term borrowing to fund operating expenditures."

- The City needs to act immediately. As noted in our August 3 presentation to City Council, the longer that the City waits to address its FY 2017 shortfall, the harder the choices. Immediate action is needed to obtain timely short term financing so the City can have adequate cash flow to pay vendors, employees and other obligations. Also, in order to close a full year gap of $12 million over the course of 12 months, it requires a reduction of $1 million a month: closing the same gap over a period of nine months, requires a reduction of $1.33 million per month.
- The City cannot afford any sacred cows. Local elected officials typically – and understandably – seek budgetary solutions that avoid cuts to police, fire and schools, that avoid layoffs and that avoid tax increases. Unfortunately, the magnitude of the City's fiscal challenges demands that every revenue and spending option be fully explored and considered.
- There is a path forward. Right now, the City's fate remains in the hands of City leadership. The fiscal challenges facing the City today do not diminish the fact that Petersburg has strong and important assets. Stabilizing the City's fiscal condition, however, is an essential first step toward positioning the City to begin to better take advantage of those assets and build a future of opportunity and prosperity for its residents.

Summary of Recommendations

This report outlines 19 specific recommendations for action by the City Council. These recommendations would produce an estimated $12.5 million in savings or new revenue in FY 2017 and an estimated $15.1 million in new revenue or savings in FY 2018. The report also outlines a series of examples of additional potential steps that the City can take to address FY 2018 and out-year deficits, as well as to restore cuts imposed to close the current structural deficit.

Recommendations were based on projected FY 2018 impact and discounted, where necessary, to show FY 2017 impact.

The following chart is a summary of our recommendations:

Impact	FY 2017	FY 2018
Reduce school funding to the level required by State law	$4,140,000.00	$4,600,000.00
10% reduction in salaries	$2,066,666.67	$2,480,000.00
Close a firehouse and reduce staffing	$675,000.00	$900,000.00
Freeze police hiring and redeploy detectives to patrol	$550,000.00	$550,000.00
Fund code compliance with CDBG funds	$475,000.00	$475,000.00
Eliminate funding for museums and tourism centers	$300,000.00	$400,000.00
Reduce jail population	0	$395,000.00
Reduce agency appropriations	$230,000.00	$230,000.00
Consolidation of planning, economic and community development	$120,000.00	$160,000.00
Reduce library hours and spending by 25%	$112,500.00	$150,000.00
Reduce parks programing	0	$150,000.00
Eliminate the Office of Hispanic Liaison	$75,000.00	$100,000.00
Increase the cigarette tax to 90 cents per pack	$900,000.00	$1,200,000.00
Add commercial and industrial properties to the tax base	$1,000,000.00	$1,000,000.00
Increase refuse management fee to $20/month	$472,500.00	$630,000.00
Audit tax exempt property	$585,000.00	$ 585,000.00
Increase the meals tax to 7.5%	$360,000.00	$ 480,000.00
Increase personal property tax to $4.90	$352,500.00	$ 470,000.00
Increase the lodging tax to 10%	$127,500.00	$ 170,000.00
TOTAL	$12,541,666.67	$ 15,125,000.00

Scope and Methodology

In June 2016, PFM was asked to undertake a preliminary review of the City's proposed FY 2017 budget. As we noted in our June 15 memorandum to the Acting City Manager:

> *Based on data from the City's most recent CAFR and discussions with City officials, the City has exhausted most of its unrestricted reserves through a series of revenue shortfalls – where actual revenue was less than budgeted and projected revenue – combined with spending greater than budget. In FY 2015, the City's final budget called for General Fund revenue of $81.4 million and spending of $81.1 million: actual revenue was $77 million and spending was $82.9 million.*
>
> *The City has had to resort to short term borrowing to manage its day to day finances, relying on revenue anticipation notes to fund City services. At present, the City is not able to pay all of its vendors and meet other obligations in a manner consistent with best practices or even a minimal standard for local governments. If it is unable to renegotiate short term lending, it risks insolvency.*

We suggested that, upon the adoption of the FY 2017 City budget, the City move immediately to undertake a series of steps to both more effectively manage the implementation of the FY 2017 budget and begin a more comprehensive review of City revenue and spending to achieve reductions in a budget gap in FY 2017 and begin to achieve structural balance over a five year period.

On July 6, the City engaged PFM Group Consulting LLC (PFM) to develop a high level five year forecast of revenues and expenditures to identify preliminary deficit projections for FY 2017 – FY 2021 and provide a high level analysis of areas of potential savings or new revenue for the City of Petersburg with a goal of maintaining a balanced budget over a five year period. The goal was to identify options totaling $15 million on an annual basis.

In subsequent conversations with the City, Davenport, the Commonwealth, the City Attorney and bond counsel, it became clear that the City needed to develop a short term action plan far before the planned completion of our initial scope on October 30..

The inability to secure short term financing for the City is the principal reason for an accelerated timetable. Over the last several years, the City has sought and obtained short term financing through tax anticipation notes (TANs). Essentially, this borrowing was done on a rolling basis – with the City paying off the prior year note and then obtaining a new note to address cash flow needs. This year, however, the lender was unwilling to extend a new TAN. As a result, the City repaid a $4.5 million note on June 30 without the prospect of new financing to support cash flow.

To be clear, even if the City had obtained a new TAN, it would not have been enough to pay off all of the outstanding obligations identified by the Commonwealth technical assistance team. And the non-renewal of the TAN certainly did not cause the structural issues faced by the City.

Now, as noted in Davenport's August 3 presentation, the City is unable to obtain short term financing without a plan of action in place. Moreover, even after adopting a plan, Davenport estimates that it will require 60 days from the point of adoption to when financing can be secured. Until then, there is a significant risk that the City will be unable to meet cash flow requirements.

Given the risk to the City's cash flow, PFM suggested that we greatly accelerate our work and provide this report to the City by August 17 so that the City Council could act on a plan by August 23.

We have applied the following methodology to this revised scope:

- Review the City's existing financial documents (CAFR, budget, budget-to-actual reports, actuarial and other studies), prior studies and reviews to fully understand the City's current financial condition, financial obligations, operations and plans

- Meet with elected officials, City leadership, division and department heads and others as appropriate to explore recent, current and upcoming operating and capital initiatives that will affect the coming fiscal year and subsequent years

- Based on discussions with internal and external stakeholders and PFM's experience working with similar governments around the country, outline a series of potential areas of inquiry to identify and develop specific initiatives to generate additional revenue, savings and more generally to improve the efficiency and effectiveness of City government

This report differs from the original scope in the following ways:

- We had hoped to provide a forecast of surplus and deficit for FY 2018 – FY 2021. Our understanding of the Commonwealth technical assistance team's review suggests that this type of forecast will not be feasible until the City completes its audit for FY 2016. Moreover, given the significant changes that are being recommended to the FY 2017 budget, a forward looking forecast at this time will have limited value.
- We had hoped to be able to provide greater detail on potential savings and revenue initiatives that would be difficult to achieve until out-years in the five year plan. Given the need to focus on actions with FY 2017 impact, our review of these out-year opportunities is more limited.
- Typically, debt and the management of debt – a significant expenditure for the City – is part of our review of savings opportunities. Given the issues related to short term and long term financing ability, we have not included any discussion of debt in our PEG recommendations.

The Economic Context for Petersburg's Fiscal Crisis

Members of the City Council, taxpayers, City workers and the public can reasonably ask – how did the City get to this current condition?

Without providing a detailed analysis, at least some context may be helpful.

Some of the City's fiscal woes are directly related to demographic and socioeconomic conditions. With a poverty rate of 27.5%, Petersburg has more than double the percentage of people living in poverty as the Commonwealth overall (11.5%) and in the Richmond Metropolitan Statistical Area (12.3%) and a slightly higher rate of poverty than Richmond (25.5%).[2] The number of people living in poverty in Petersburg has increased from approximately 6,500 in 1999 to 8,700 in 2014.

The increase in residents living in poverty has occurred as Petersburg's population has declined. The City's population peaked in 1980, with just over 41,000 residents. By 2010, the population had declined to 32,420 – a drop of more than 20% since its peak thirty years earlier. While the City appears to have regained some population since 2010, it is on a trajectory of slow growth: the University of Virginia Weldon Cooper Center predicts that Petersburg's population will only grow to 33,939 residents by 2040. The City's population is also older – with

[2] United States Census Bureau / American FactFinder, 2010 – 2014 American Community Survey. "DP03 : Selected Economic Characteristics (Percentage of Families and People Whose Income in the Past 12 Months is Below the Poverty Level; All People)." <http://factfinder2.census.gov>

15.2% of residents 65 years old or older -- than in the surrounding metropolitan area (12.9%) or throughout the Commonwealth (13%).

These economic and demographic factors have a direct impact on local government finance. High poverty rates, a declining population and an aging population can all limit a local area's tax base. Higher poverty rates can also result in increased demand for local government services – particularly for local governments with responsibility for social service and criminal justice services.

Economic and demographic challenges, however, do not necessarily lead to fiscal instability. Local government in economically challenged cities must take special care to ensure a prudent and conservative approach to budgeting. Without proper budgetary controls and fiscal policy in place, expenditure growth can quickly overtake revenue growth, leading to ongoing and unsustainable structural deficits.

That appears to be what has taken place in Petersburg. Based on data from the City's most recent CAFR, the Commonwealth technical assistance team's review and discussions with City officials, the City has exhausted most of its unrestricted reserves through a series of revenue shortfalls – where actual revenue was less than budgeted and projected revenue – combined with spending greater than budget. In FY 2015, the City's final budget called for General Fund revenue of $81.4 million and spending of $81.1 million: the CAFR reports that actual revenue was $77 million and spending was $82.9 million. The Commonwealth technical assistance team report indicates that, based on General Ledger reports, all funds expenditures exceeded all funds revenue by at least $5.3 million in FY 2016.

Petersburg's budget woes can also be ascribed to a term that one author used to describe New York City's near bankruptcy in the 1970s – "the cost of good intentions." In describing the New York City fiscal crisis, Charles Morris wrote that:

> *The immediate source of the problem was the city's practice of borrowing short term to pay current operating expenses. When the short term loans fell due… the city would borrow again to pay them off. The underlying problems, of course, were more basic than access to financial markets. The loans had been necessary because, over a number of years, the city's current expenses had grown to the point where they far exceeded the revenues received from local taxes and federal and state aid.*

Morris went on to write that much of that spending was driven by "good intentions" – the desire to provide more programs and more services to the City's residents and higher wages and benefits for City workers. Inherently, there is nothing wrong with these good intentions. The problem in New York – and in Petersburg – is that the City routinely began to spend more than it could afford.

FY 2017 PEG: Expenditure Reductions

Based on our review, we recommend that the City consider the following expenditure reductions for immediate action. Savings estimates are for a fully year, FY 2018: FY 2017 projected savings are outlined in the summary of recommendations above.

Reduce Schools Funding to the Required Local Match ($4.6 million in savings)

The City's contribution to Petersburg Schools is the largest area of spending in the City budget. The FY 2017 budget calls for a contribution of $11.9 million in FY 2017 – or almost 17% of the General Fund budget – and up from a budgeted $11.7 million in FY 2016. After dropping from $12.7 million to $9.6 million in FY 2012, the City's budget appropriation for schools increased by 26% – to $12.1 million in FY 2015.

The increase in school spending has occurred even as the actual number of enrolled students has declined – between FY 2012 and FY 2015, enrollment dropped by 5%. As a result of the reduction in enrollment and the increase in local spending, the rate of local dollars per student has increased from $2,127 in FY 2012 to $2,825 in FY 2015 – an increase of almost 33% percent.[3]

	2011	2012	2013	2014	2015
School Age Population	4,133	4,504	4,369	4,393	4,279
Total Per Pupil Spending	$11,914	$10,655	$11,124	$10,906	$11,490
Local Per Pupil Spending	$3,081	$2,127	$2,390	$2,425	$2,825
Local Spending	$12,737,402	$9,578,606	$10,440,311	$10,654,293	$12,087,747
State Spending	$21,394,902	$23,434,513	$23,994,002	$24,622,279	$24,484,152
Federal Spending	$11,285,019	$10,947,383	$9,901,214	$8,341,900	$8,076,714
Total Spending	$49,248,233	$47,991,320	$48,601,715	$47,917,352	$49,169,558
Instructional FTEs	376.4	398.9	394.5	372.5	375.5
Total FTEs	616.0	632.5	621.6	617.5	636.5

[3] Virginia Department of Education, Superintendent's Annual Report, FY 2011- FY 2015. "Table 15 of the Superintendent's Annual Report for Virginia" <http://www.doe.virginia.gov/statistics_reports/supts_annual_report/index.shtml>

The increase in local funding has supported teacher salary increases (3% in 2015 and 1.5% in 2016) and a cost-of-living adjustment (2% in 2015) as well as a 3% raise for all school employees in 2015. School system employees were unaffected by the 10% reduction in compensation to City employees and City employees have not had a pay increase since the average salary increase of 5% in 2013. Pay increases have accompanied an increase in FTEs in the school system as well, with total FTEs rising from 616 in FY 2011 to 636.5 in FY 2015.

The City does not have specific budgetary authority over how local school dollars are spent. Moreover, local spending accounts for less than one-quarter of Petersburg Public Schools spending – approximately half of the level of spending by the Commonwealth. The increase in local spending has not resulted in an increase in overall spending: between FY 2011 and FY 2015, the increase in local spending largely offset a decrease in federal spending.

Even as local spending has increased, student performance in Petersburg has remained largely unchanged, and with new, more rigorous measures, it has declined in some areas. Petersburg's on-time graduation rate decreased from 84.1% in 2014 to 70.9% in 2015. Compared to districts with similar levels of poverty, Petersburg also lags: Danville had a 79.1% on-time graduation rate in 2015, Hopewell's was 81.9%, and Richmond's was 81.3%[4]. With few exceptions, Petersburg had a higher failure-to-pass rate in all core subject areas compared to other districts,

The City is required to provide a minimum level of funding for Petersburg schools under state law. There are required local matches for both basic aid and incentive and lottery aid. Although many school districts dedicate more funds than required by the match, Petersburg dedicated more than most districts in FY 2015 at 86% above the requirement. The average local operational expenditure in excess of the required level for FY 2015 was 77.8%, with almost half the school districts in Virginia exceeding the required match by less than 75%[5].

The required local match in FY 2016 for Petersburg was $7.3 million – or $4.6 million less than the current budgeted amount for FY 2017. A $4.6 million reduction would result in an 8.6% cut from the Petersburg Schools overall budget of $53.3 million.

Ten Percent Reduction in City Salaries ($2.5 million in savings)

The City has already imposed a 10% pay reduction for employees that will generate savings in FY 2017.

As is the case in most local governments, employee salaries make up a significant amount of General Fund spending. This is certainly true in Petersburg. Overall, operating costs – including part-time and full-time salaries, FICA, health insurance, life insurance and pension costs – accounted for $31.2 million out of the $70.5 million adopted FY 2017 General Fund budget.

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[4] Virginia Department of Education, Virginia Cohort Reports, School Divisions, Class of 2015. "Class of 2015 Cohort Report." <http://www.doe.virginia.gov/statistics_reports/graduation_completion/cohort_reports/>

[5] Virginia Department of Education, 2016-2018 Composite Index of Local Ability to Pay. "2015-2016 Required Local Effort & Required Local Match." <http://www.doe.virginia.gov/school_finance/budget/compositeindex_local_abilitypay/index.shtml>

Most of these compensation related costs are attributable to salaries. For example, under the adopted FY 2017 budget, six public safety departments – Police, Fire, Code Compliance, Emergency Communications and Animal Warden – accounted for $16.8 million in personnel spending (53.8% of the total) and $18.7 million in total General Fund spending. In these six departments, salary budgets totaled approximately $12.1 million, or 72% of operating expense budgets for these departments. The baseline budget for City salaries is $24.8 million in FY 2017. Thus a 10% reduction – over the course of a full year – would equal $2.48 million.

There are several reasons why the estimated savings for the salary reduction may differ from what has been reported with respect to this initiative. First, our estimate is based on the potential of a full year of savings. Second, our estimate is based on the adopted FY 2017 budget as a baseline – not actual current payroll. Thus, to the extent that the salary reduction is a savings over baseline, it is only effective if other steps are taken to reduce FTEs over time (e.g. vacancy freeze). The most recent payroll data that we obtained from the City suggests a total annual salary base of $24.5 million.

It is also important to put the salary reduction in context. While this is a necessary step for FY 2017 and likely for FY 2018 as well, the City cannot sustain the reduction in pay indefinitely.

A 2014 compensation study, comparing Petersburg to other Virginia local governments, generally found that City of Petersburg employees lag the market average compensation by significant margins at maximum for all but six out of 55 titles reviews. The City also lagged for almost all titles at minimum and midpoint.

The City moved from a step system to an open range pay plan at the study's recommendation. Yet, even with the movement to an open range plan and other adjustments to the City's compensation philosophy (pay plan should be routinely reevaluated, compensation should be market driven, etc.), the City still lags the market average by significant margins, as shown for a handful of titles in the table below:

Petersburg Compensation - FY2016			
Job Title	Min	Mid	Max
Firefighter	$38,147	$56,540	$62,829
Police Sergeant	$48,687	$59,398	$80,187
Human Resources Technician	$30,673	$37,421	$50,518
Account Clerk II	$24,033	$29,320	$39,582
Maintenance Worker I	$17,080	$20,837	$28,130
Telecommunicator I	$32,206	$39,292	$53,044
Administrative Assistant I	$27,821	$33,942	$45,821
Recreation Program Coordinator	$37,283	$45,485	$61,405
Motor Equipment Operator II	$25,235	$30,786	$41,561
Accountant II	$41,104	$50,147	$67,699

Market Lag – 2015			
Job Title	Min	Mid	Max
Firefighter	-17.6%	-16.4%	-15.7%
Police Sergeant	-5.2%	-8.2%	-10.0%
Human Resources Technician	-27.7%	-28.0%	-28.2%
Account Clerk II	-47.0%	-47.0%	-47.0%
Maintenance Worker I	-31.9%	-30.7%	-29.9%
Telecommunicator I	-6.1%	-7.8%	-8.9%
Administrative Assistant I	-13.7%	-14.7%	-15.2%
Recreation Program Coordinator	-27.5%	-29.4%	-30.7%
Motor Equipment Operator II	-25.5%	-27.4%	-28.6%
Accountant II	-24.5%	-25.3%	-26.0%

Job Title	Market Lag - FY2016 vs. 2015 Comparator Pay Levels		
	Min	Mid	Max
Firefighter	4.6%	14.2%	3.4%
Police Sergeant	0.5%	-8.1%	0.3%
Human Resources Technician	-6.2%	-13.7%	-4.0%
Account Clerk II	-20.1%	-27.4%	-15.9%
Maintenance Worker I	-33.2%	-39.6%	-26.0%
Telecommunicator I	-1.6%	-9.2%	-0.1%
Administrative Assistant I	-9.0%	-17.5%	-7.9%
Recreation Program Coordinator	0.3%	-8.5%	-0.2%
Motor Equipment Operator II	-11.2%	-20.2%	-10.6%
Accountant II	-5.8%	-13.8%	-4.5%

The market lag shown above does not take into account any wage increases given in several comparator jurisdictions between the time of the study and the present. Several jurisdictions granted pay increases in FY 2016 and are proposing increases for FY 2017:

- Harrisonburg – 2% FY 2016 increase
- Salem – 2.5% FY 2016 increase
- Hanover County – 2% FY 2016 increase
- Henrico County – 2.4% proposed in FY 2017 budget
- Prince George's County – 2% proposed in FY 2017 budget

Eliminate one of the City's four firehouses and eliminate funding for Fire Education Specialist ($900,000 in savings)

The Petersburg Department of Fire, Rescue and Emergency Services delivers a wide variety of services including fire suppression; emergency medical services; fire, building and housing code enforcement; fire and safety education programs; and rescue services. The Department operates out of four fire stations.

With an FY 2017 adopted budget of $6,143,589, the Department represents the City's fourth largest budget allocation – after Schools, Police and Social Services. The funding is largely dedicated to covering the costs of the Department's 84 full-time staff positions, for which approximately $5.69 million is expended for salaries, benefits and overtime (approximately 92.7% of annual spending).

The table below summarizes the Fire Department's activities during 2014 and compares Petersburg to other Virginia cities with similar demographics. In 2014, the most recent year that comparison data are available, the Petersburg Fire Department responded to 219 fires (approximately 1 every 1.7 days) and fielded calls for a total of 5,234 incidents. These figures yield rates of 6.8 fire incidents per 1,000 residents and 161.4 total incidents per 1,000 residents.[6] Although the fire rate is higher than most of the other jurisdictions in the group, the total incident rate, which is a more comprehensive measure of how active a fire department is, is lower than most of the other benchmark cities.

Municipality	2010 Census Population	Fires	Total Incidents	Fire Incident Rate per 1,000 Residents	Total Incident Rate per 1,000 Residents
Colonial Heights	17,411	94	4,498	5.4	258.3
Danville	43,055	260	7,178	6.0	166.7
Hampton	137,436	501	25,837	3.6	188.0
Hopewell	22,591	93	3,156	4.1	139.7
Petersburg	**32,420**	**219**	**5,234**	**6.8**	**161.4**
Portsmouth	95,535	447	17,287	4.7	180.9
Richmond	204,214	1252	34,934	6.1	171.1
Roanoke	97,032	391	24,365	4.0	251.1
Waynesboro	21,006	67	1,769	3.2	84.2

Staffing levels for Petersburg were comparable to the other jurisdictions in the group for which data were available. Out of nine cities, Petersburg had the second highest number of FTEs per capita, but a below average number of FTEs per fire and a slightly higher than average number of FTEs per incident.[7] The table below outlines the FTE comparisons for the benchmark cities.

[6] Virginia Department of Fire Programs, VFIRS Annual Reports. "2014 Virginia Fire Incident Reporting System (VFIRS) Annual Report." <http://www.vafire.com/fire_data_statistics/fighting_fires/2014-VFIRS-Annual-Report-Final-06-05-15.pdf>; and the 2010 United States Census.

[7] Virginia Department of Fire Programs, VFIRS Annual Reports. "2014 Virginia Fire Incident Reporting System (VFIRS) Annual Report." <http://www.vafire.com/fire_data_statistics/fighting_fires/2014-VFIRS-Annual-Report-Final-06-05-15.pdf>; and the 2015 CAFRs for the benchmark cities

Municipality	Fire FTEs	Fire FTEs Per 10,000 Residents	FTEs per Fire	FTEs per Incident
Colonial Heights	44	24.7	0.5	0.010
Danville	123	29.2	0.5	0.017
Hampton	297	21.8	0.6	0.011
Hopewell	45	20.1	0.5	0.014
Petersburg	**84**	**25.9**	**0.4**	**0.016**
Portsmouth	242	25.2	0.5	0.014
Richmond	439	19.9	0.4	0.013
Roanoke	254	25.4	0.7	0.010
Waynesboro	38.1	17.7	0.6	0.022

In addition to the fire suppression services it provides, the Department also responds to rescue calls, and manages EMS activities, which include transportation services for which it collects transportation fees.

Petersburg EMS has two ALS ambulances that operate 24 hours/day, 7 days/week and cover two of the fire districts. Each of the City's ALS ambulances is staffed by two personnel: one part-time ALS-certified staff member and one BLS-certified EMT. All of Petersburg firefighters are BLS-certified EMTs. The ALS certified staff are part-time employees that were brought in to quickly meet the needs for operating the two ambulances, a decision that was made in 2014. By regulation, at least one of the two staff in an ambulance has to have completed ALS training for the unit to be ALS certified.

The City also supplements the Department's EMS services. It does so through a contract with the Southside Virginia Emergency Crew (SVEC), which it pays, through a non-departmental appropriation, $183,000 each year to provide emergency medical care and rescue services to the two districts not covered by EMS. SVEC operates two ambulances 24 hours/day, 7 days/week.

The Department also has mutual aid agreements with neighboring jurisdictions, having received mutual aid for 35 incidents between January 1, 2016 and August 1, 2016 and rendered mutual aid for 26 incidents during the same period.

As is the case nationally, the vast majority of the Department's activity is unrelated to fire suppression. In 2014, the Petersburg Fire Department responded to 219 fires, which represents approximately 4.2% of the total incident calls. The table below outlines the 10 most common

incidents to which the Department responded during the three-and-half-year period from January 1, 2013 to August 1, 2016.[8]

Incident Type Reported	Count	% of All Responses
EMS call, excluding vehicle accident with injury	10,145	50%
Dispatched & canceled en route	1,090	5%
Smoke detector activation, no fire – unintentional	879	4%
Motor vehicle accident with injuries	693	3%
Good intent call, other	492	2%
Public service	463	2%
Medical assist, assist EMS crew	460	2%
Alarm system activation, no fire – unintentional	362	2%
Water or steam leak	358	2%
No incident found on arrival at dispatch address	348	2%

During this period, the most common types of calls were non-fire suppression-related, and were either false alarms or medical emergencies. For these types of calls, it is not necessary to dispatch a fire engine, though it is generally done for serious medical emergencies.

The number of calls varies from fire station to fire station. Since January 1, 2013, Station 2 has been the most active of the four stations – accounting for 46.4% of fire calls citywide and 30.6% of all calls. By comparison, Station 5 has accounted for just 14.6% of fire calls and 8.1% of total calls.

[8] National Fire Incident Reporting System (NFIRS). "All NFIRS Incident Summary 2013-2016, Petersburg."

Station Number	Station Location	Fire Calls	Total Calls	Fire Calls %	Total Calls %
2	50 South Market Street	1,113	8,375	46%	31%
3	1320 Farmer Street	380	7,789	16%	28%
4	1907 South Sycamore Street	557	9,002	23%	33%
5	3321 Johnson Road	351	2,230	15%	8%

The Petersburg Fire Department recently received an Insurance Services Office (ISO) Public Protection Classification (PCC™) rating of 2, which is based in large part on the number of engines a department has, the size of the staff and the available water capacity. Petersburg's rating was given to only 1.3% of departments in the country, and accordingly their criteria place it well above the suppression capacity of the vast majority of other localities.

Unfortunately, the City is not in a position to provide fire service at this level. The City should move to close one of the City's fire stations and reduce the staffing associated with that station. The elimination of a fire station would result in a reduction in staffing at the Fire Department, through the elimination of funded positions for three captains, four sergeants and ten firefighters. The City should also eliminate funding for the Fire Education Specialist position. Although this is an important function, this work could be handled by one or more of the Assistant Fire Marshals. Annual compensation costs for these positions total approximately $1.0 million. Because most of this savings would be the result of reducing compensation, we are discounting annual savings by 10% to ensure that it accounts for savings attributable to the 10% pay reduction.

The closing of a station may be an opportunity to reallocate staff resources to an expansion of Fire Department provided EMS services that could result in additional savings. Over the last several years, the City has explored the possibility of expanding its EMS services to cover the entire City. To fully cover the City, the Fire Department would need to deploy two additional EMS crews. Under an expansion, the Fire Department would need to lease or otherwise acquire two additional ALS ambulances, reassign the personnel from the closed fire station to EMS and provide some additional training. The additional EMS revenue and the elimination of City funding for SVEC should offset all of these additional costs: in 2013, SVEC received $1,207,170 in program service revenue.[9]

[9] Figure taken from SVEC's IRS 990 form.

Freeze hiring in the Bureau of Police ($550,000 in savings)

The FY 2017 adopted budget provides $8,341,393 for the Bureau of Police -- the second largest departmental allocation in the General Fund. The Bureau is composed of four Divisions: Administrative Services, Internal Affairs, Field Operations, and Investigations. The Bureau currently has 124 full-time, funded positions, which is one more than the adopted FY 2017 total of 123[10]. There are currently 15 full-time, funded vacancies. The Bureau also has 11 part-time funded positions, one of which is the Interim Police Chief. The tables below summarize the Bureau's staff distribution.[11]

Title	# of Filled Positions	# of Vacant Positions	# of Filled PT Positions	# of Vacant Part time Positions	Total # of Positons
Chief of Police	0	1	1	0	2
Chief of Staff-Police	1	0	0	0	1
Data Entry Operator	2	0	2	0	4
Deputy Police Chief	0	1	0	0	1
Fiscal Manager	1	0	0	0	1
Information System Mgr	0	1	1	0	2
Investigator	0	0	1	0	1
Admin. Services Manager	0	1	0	0	1
Police Captain	2	0	0	0	2
Police Information Analyst	1	0	0	0	1
Police Lieutenant	4	0	0	0	4
Police Officer	84	10	0	0	94
Police Records Supervisor	1	0	1	0	2
Police Sergeant	11	1	0	0	12
School Crossing Guard	0	0	5	0	5
Secretary II	1	0	0	0	1
Secretary III	1	0	0	0	1
Total	**109**	**15**	**11**	**0**	**135**

[10] Sources: August 8, 2016 payroll report and the FY 2017 adopted budget. Note: the Records Supervisor is currently listed on the payroll, but does not appear in the FY 2017 adopted budget.

[11] The Secretary II & III positions are listed on the August 8, 2016 payroll and correspond to the two Administrative Assistant positions listed in the FY 2017 adopted budget.

Most of the Bureau' staff – 93% – are sworn officers and most of the sworn officers hold the rank of police officer: civilians make up the remaining 7% of the department. Of the 84 filled, sworn police officer positions (thus, excluding supervisors), 68 (81%) are patrol officers who are primarily responsible for responding to calls for service and performing other community facing activities. Sixteen police officers (19%) are detectives who primarily handle investigations of serious crimes, forensics and other functions: the percentage of police officers that are detectives exceeds the national average for local police departments, which is 16%.[12]

Petersburg's level of police staffing has been higher on a per capita basis than in other benchmark jurisdictions – at 32.6 FTEs per 10,000 residents compared to an average of 27 FTEs per 10,000 residents.

Municipality	Sworn FTEs	Civilian FTEs	Total	Population	Sworn FTEs per 10,000
Colonial Heights	53	7	60	17,820	29.7
Danville	128	7	135	42,082	30.4
Hampton	287	113	400	136,454	21.0
Hopewell	60	17	77	22,378	26.8
Petersburg	**106**	**35**	**141**	**32,477**	**32.6**
Portsmouth	241	86	327	96,201	25.1
Richmond	732	153	885	220,289	33.2
Roanoke	245	47	292	99,897	24.5
Waynesboro	42	11	53	21,491	19.5

Source: Crime in Virginia 2015 Report, compiled by the Department of State Police (as of October 31, 2015)

In part, staffing levels in Petersburg may be related to the level of crime. Based on UCR crime data and compared to other Virginia cities, Petersburg has a crime problem. In 2014, Petersburg had a violent crime rate of 581 offenses per 100,000 residents, which is higher than cities of comparable size in Virginia. Its property crime rate, which is 2,584 offenses per 100,000 residents, however, was lower than most of the other cities in the benchmark group. The table below describes the 2014 crime rates for Petersburg, along with eight benchmark cities.[13]

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[12] U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics. "Local Police Departments, 2013: Personnel, Policies, and Practices." <http://www.bjs.gov/content/pub/pdf/lpd13ppp.pdf>

[13] Federal Bureau of Investigation, FBI Uniform Crime Reporting (UCR). "2014 Crime in the U.S. Report." <https://ucr.fbi.gov/crime-in-the-u.s/2014/crime-in-the-u.s.-2014>

Municipality	Population	Violent Crime	Violent Crime Rate per 100,000 Residents	Property Crime	Property Crime Rate per 100,000 Residents
Colonial Heights	17,706	36	203	867	4,897
Danville	42,936	193	450	1,761	4,101
Hampton	136,590	347	254	4,399	3,221
Hopewell	22,054	83	376	669	3,033
Petersburg	**32,546**	**189**	**581**	**841**	**2,584**
Portsmouth	96,435	581	602	4,838	5,017
Richmond	216,747	1,254	579	8,388	3,870
Roanoke	98,941	340	344	4,127	4,171
Waynesboro	21,321	33	155	655	3,072

The Bureau's FY 2017 adopted budget for full-time salaries is $5,590,106. Based on August 8, 2016 payroll records, if the City were to fill all 15 of its current full-time vacancies, it would be over budget by approximately $223,800 ($165,800 in salaries and $58,000 in benefits). Thus, at least four currently vacant positions are really unfunded.

Of the remaining 11 vacant positions, the Bureau will need to fill the permanent position of Chief of Police. The Bureau should freeze the Deputy Chief position as long as there is a funded Chief of Staff position and either the Information Systems Manager or Police Administrative Services Manager position as well. In effect, the Chief position and the Information Systems Manager position would be moved from provisional to permanent.

The City should freeze the remaining six Police Officer and one Sergeant vacancies. To the extent that this limits the Bureau's patrol capacity, detectives – currently assigned to investigation, forensics and other duties – should have some of their time reassigned to patrol activities. This could be done by requiring them to spend one shift per week on patrol duty or splitting shifts between patrol duty and their regular assignments. Alternatively, six of the detectives could simply be reassigned to patrol.

Title	Number of Vacancies	Base Salary	Benefits	Total Salary Savings	Total Salary + Benefits Savings
Deputy Chief	1	$82,000	$28,700	$82,000	$110,700
Administrative Services Manager	1	$77,290	$27,051	$77,290	$104,341
Police Officer	6	$40,688	$14,241	$244,128	$329,573
Sergeant	1	$48,687	$17,040	$48,687	$65,727

Even after freezing these vacancies, Petersburg will still have more Police FTEs per capita than comparable cities in the Commonwealth. Annual compensation costs for the frozen vacancies total $610,000. Because most of this savings is attributable to reductions in compensation, we have discounted savings by 10% to account for the reduction in salary.

Fund Code Compliance with CDBG Funds ($475,000 in savings)

In Petersburg, code enforcement activities support the execution of building codes and other regulations to ensure minimum levels of safety for building and non-building structures and to support the public health, safety and welfare. Code enforcement inspections also seek to encourage property owners and tenants to maintain the appearance and value of real property. In the FY 2017 adopted budget, the City appropriated $793,598 to Code Compliance.

As an entitlement community under the Community Development Block Grant program (CDBG), Petersburg receives an annual allocation of funding from the U.S. Department of Housing and Urban Development. In 2016, Petersburg's grant amount totaled $596,163. Based on current Federal budget proposals, Petersburg's 2017 award should be of similar value.

Petersburg has proposed to provide $479,000 of its 2016 funding to local community initiatives in its 2016 Annual Action Plan to HUD, through 12 separate sub-awards for services, public facilities, and affordable housing. The City plans to use the balance of funds, or $117,163, for planning and administration expenses. Given Petersburg's current financial constraints, CDBG funds could be reprogrammed for another eligible expense that more clearly supports City programs on safety and health and could more clearly demonstrate its impact.

Community Development Block Grant regulations and the Housing and Community Development Act of 1974 permit the use of CDBG funds for selected code enforcement activities, particularly as part of a strategic effort to arrest deterioration. Per HUD CPD Notice 14-016, Section 105(a)(3) of the act permits "the use of CDBG funds for code enforcement in deteriorated or deteriorating areas in which such enforcement, together with the public or private

improvements or services to be provided, may be expected to arrest the decline of the area." Specifically, the program regulations at 24 CFR 570.202(c) read as follows:

> *Code enforcement. Costs incurred for inspection for code violations and enforcement of codes (e.g., salaries and related expenses of code enforcement inspectors and legal proceedings, but not including the cost of correcting the violations) in deteriorating or deteriorated areas when such enforcement together with public or private improvements, rehabilitation, or services to be provided may be expected to arrest the decline of the area.*

CDBG defines code enforcement as a process whereby a local government gains compliance with ordinances and regulations regarding health and housing codes, land use and zoning ordinances, sign standards, and uniform building and fire codes. Code enforcement may take place in residential, commercial, and industrial areas. Ancillary efforts to address violations of codes concerning vacant lots, signs, and motor vehicles, are permitted in conjunction with health and safety efforts but should form a minor part of the code enforcement program.

All CDBG expenses must be spent on both *eligible activities* and in furtherance of a *national objective*. Although code enforcement is an eligible activity, the national objective standard is met when the activity is carried out in a deteriorating or deteriorated area, in conjunction with activity expected to arrest the deterioration. Most census tract block groups in Petersburg meet the national objective for low- and moderate-income housing because at least 51% of the residents are moderate- or low-income (those making less than 80% of the area median income). For the other block groups located in the south and southwest portions of the City, code enforcement expenses will be eligible only if costs meet the national objective for slum/blight prevention or elimination, which has a separate standard that may be difficult to meet. To conduct code enforcement activities in census tracts that do not meet a national objective, the City will need to use non-CDBG resources and will therefore need to track these expenses separately.

To ensure compliance in using CDBG for code enforcement, Petersburg will have to record and document activity eligibility, national objective compliance, allowability of costs, and cost reasonableness. In addition, the City's time distribution records must show that time spent conducting code enforcement in eligible areas is accurate.

In order to reprogram the current CDBG funds, the City will need to amend its Annual Action Plan to HUD, consistent with Petersburg's citizen participation process regarding proper notice and public meeting requirements. The City will need to describe in its Action Plan amendment how its code enforcement activities will be a primary component of a strategy to arrest deterioration and move toward stabilization and revitalization. These revitalization activities could be supported through CDBG in future years and could be funded through applications for State HOME funds or other redevelopment resources.

Eliminate funding for City museums and visitor centers ($400,000 in savings)

The City of Petersburg operates three museums – Blandford, Centre Hill and Siege – and two visitor centers, one in Petersburg and one in Carson: the Siege Museum is currently closed. The FY 2017 budget includes $672,386 for personnel and operations for these facilities. At least part of this budget, however, is associated with the anticipated move of offices to 30 Franklin Street: for example, $71,000 is associated with new furniture and fixtures, $28,000 is for an increase in electricity and $26,530 is for an increase in rent. That leaves $547,000 in other budgeted costs.

In FY 2015, the City reported that the museums had 10,922 visitors, the Petersburg Visitor Center had 5,357 visitors and the Carson Visitor Center had 19,077 visitors. Both the Blandford Church & Cemetery and the Centre Hill Museum are now open seven days a week. Assuming the three museums were open at least 300 days a year each in 2015, that amounts to a total of just over 36 visitors per day.

Admission fees are very modest. Adults pay $5 for admission, senior citizens (60 or older) pay $4 and children aged 7 to 12 pay $4. Petersburg residents, children under the age of seven and active military all receive free admissions. Total revenue for all of the sites in FY 2015 was just over $52,000 – as a result, the net cost of operations to the City is approximately $495,000.

Given its importance in U.S. history, Petersburg should have a strong tourism economy that helps to generate employment and revenue. Currently, it does not.

In the short term, however, the City cannot support multiple visitor centers and museums. It should close all visitor centers and museum sites. To offset the closing of the visitor center, it should continue funding for the regional Petersburg Area Regional Tourism Corporation and work with the Virginia Tourism Corporation to further promote visits to Petersburg. The City should also actively explore the potential for partnerships with not-for-profit organizations that might be willing to take over operation of the City museums. The net result would be annual savings of approximately $450,000. Because most of this savings is attributable to reductions in compensation, we have discounted savings by 10% to account for the citywide salary reduction.

Reduce local jail population by 15% ($395,000 in savings to be captured in FY 2018)

The FY 2017 adopted budget includes $3,292,195 in funding for the Riverside Regional Jail (RRJ). RRJ is a regional jail that houses inmates from seven member localities: Charles City County, Chesterfield County, City of Colonial Heights, City of Hopewell, City of Petersburg, Prince George County, and Surry County. The Jail is governed by the Riverside Regional Jail Authority (RRJA), which has board members that are appointed by the participating jurisdictions.

RRJ houses approximately 1,400 inmates whose cases are at various stages in the criminal justice process. The table below gives a snapshot of the status of the inmates from the various member localities.[14]

Jurisdiction	Pre-Trial Inmates	Convicted Inmates	State-Ready Inmates	Total
Charles City County	5	12	7	24
Chesterfield County	235	357	171	763
City of Colonial Heights	41	88	36	165
City of Hopewell	43	61	24	128
City of Petersburg	**52**	**160**	**29**	**241**
Prince George County	27	34	28	89
Surry County	3	3	1	7

RRJ is funded by per diem payments of $40 per inmate per day. Petersburg's ADP increased significantly in FY 2016 with the closing of the City's jail.

Fiscal Year	ADP
2011	136
2012	144
2013	96
2014	78
2015	103
2016	225

For FY2017, the City of Petersburg will pay RRJ approximately $3,292,195 to house its inmates. Petersburg can reduce the amount that it pays for RRJ by reducing the current jail population. Petersburg has an ADP of 225 inmates per day. At that rate, Petersburg has a local incarceration of 692.8 per 100,000 residents – or nearly three times the national jail incarceration rate as of mid-2014. Part of this may be explained by Petersburg's crime rate – its violent crime rate is more than one-and-a-half (1.59) times the national violent crime rate and its overall arrest rate (7,350 per 100,000 residents) is more than twice the national rate. Still, Petersburg has the ability to reduce its use of incarceration and – without affecting public safety – reduce its costs for incarceration.

The City of Petersburg should work to reduce its population at RRJ by 15%. As previously noted, jail population size is influenced by a variety of factors and no single agency can affect it

[14] As of August 8, 2016

in isolation. As such, the approach to reducing it has to be collaborative and involve representatives from offices across the criminal justice system, including the Commonwealth and other partners outside of City Government.

While the exact path to reducing the population will have to be developed, coordinating the efforts of those with major roles in the system will be critical to its success. This group could include, among others, the Police Chief, Commonwealth Attorney, General District and Circuit Court Judges, Circuit Court Clerk, and senior representative from the Virginia Department of Corrections, Office of Probation and Parole, and Riverside Regional Jail Authority. In addition to government agencies, subject matter experts from Virginia State University could also provide additional insight on opportunities for population reductions. Together they could establish a cap for the size of the population and work collectively toward achieving it.

Coordination of similar groups has shown success. In Sedgwick County, Kansas (Wichita), a group of this kind saved approximately $4 million through the active use of alternative sentencing.[15] In Philadelphia, a Criminal Justice Advisory Board was set up to, among other things, reduce the City's prison population. The group was credited with helping to achieve an ADP decrease of 11% in a single year.[16] They were able to accomplish the reduction through changes in charging standards and efforts to speed case processing, which included a fast track court for misdemeanants in jail.

In addition to the activities listed above, a coordinated group could explore the feasibility of more extensive use of citations as an alternative to arrests for minor crimes. They could also examine ways of more quickly moving State-ready inmates to other facilities.

A reduction of 15% in the Petersburg jail population would result in savings of approximately $495,000. Recognizing the practical challenges that could arise in coordinating the activities of this kind of group, $100,000 of the savings would be invested in providing support. The funding could be used to hire a coordinator, whose sole responsibility would be to facilitate the collaboration of the group and identify opportunities for reducing the population. The funding could also be used toward implementing various programs that would support decreasing the number of inmates. With the investment for the group's support, the net savings would be $395,000. These savings, however, would probably not be achieved until FY 2018.

Reduce agency appropriations ($230,000 in savings)

The FY 2017 budget includes $5.2 million in funding for Non Departmental activities. This amount includes funding for Petersburg Area Transit, the subsidy for the Golf Course, funding for juvenile detention facilities and the Riverside Regional Jail Authority and a number of other governmental organizations. But the budget also includes funding for 22 organizations where

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[15] Delores Craig-Moreland, Nancy McCarthy Snyder, Jodie Beeson, Michele White, Kyle Carr, and Adella Rucker, "Update of Information – Sedgwick County Adult Detention Facility: A Detailed Review of the Population; Evaluation of the Impact of Jail Alternatives; A Review of Further Opportunities," October 2010.

[16] The Pew Charitable Trusts, Philadelphia Research Initiative, "Philadelphia's Less Crowded, Less Costly Jails," July 20, 2011 at http://www.pewtrusts.org/en/about/news-room/press-releases/2011/07/20/pew-study-philadelphias-jail-population-dropped-dramatically.

there does not appear to be a mandate for City funding and where average funding per organization is less than $15,000.

Agency	Appropriation
American Red Cross	$1,900
Black History Month	$9,620
Chamber of Commerce	$1,000
Employee Recognition Events	$6,000
Feed More	$2,500
Friends of the Appomattox	$3,000
John Tyler	$4,500
Legal Aid Justice Center	$59,200
Longwood University Small Business	$4,810
National League Of Cities	$3,388
Petersburg Area Regional Tourism[17]	$38,500
Petersburg Symphony	$9,620
Regional Med Flight	$1,000
Reserve For Contingencies	$30,677
Richard Bland College	$8,500
Triad	$10,000
Halifax Music Festival	$5,000
VA First Cities	$15,763
Virginia Institute of Government	$1,500
Virginia Municipal League	$12,280
Virginia State University	$8,500

Without determining whether these appropriations have value or not, the City is simply not in a position to support non-mandated funding to non-governmental organizations. Elimination of this funding would save the City approximately $230,000 in FY 2017 and FY 2018.

Reduce Library Hours and Spending by 25% ($150,000 in savings)

The FY 2017 adopted budget includes $1,005,989 in funding for the Petersburg Public Library. Compared to other areas of local government, Petersburg provides more funding for the Library than Parks, Planning, Transit, Code Enforcement, and citywide Information Technology. The Library budget includes more than $700,000 for personnel and $300,000 for operations. In

[17] This would be funded as part of the initiative related to City museums and tourism centers.

addition, the Non Departmental budget includes $213,380 for payments under a lease agreement for the Library.

Petersburg's new library was opened in 2014. The Library provides significantly more hours of service than main libraries in all but one of the other benchmark jurisdictions.

	Library Hours							
Municipality	Mon	Tues	Wed	Thurs	Fri	Sat	Sun	Total Hours
Waynesboro	9am-9pm	9am-9pm	9am-9pm	9am-9pm	9am-9pm	9am-5pm	Closed	69
Petersburg	**9am-9pm**	**9am-9pm**	**9am-9pm**	**9am-9pm**	**9am-5:30pm**	**9am-5:30pm**	**Closed**	**65**
Hopewell	10am-9pm	10am-9pm	10am-9pm	10am-9pm	10am-6pm	10am-6pm	Closed	60
Roanoke	10am-8pm	10am-8pm	10am-6pm	10am-8pm	10am-5pm	10am-5pm	Closed	54
Richmond	10am-7pm	10am-7pm	10am-7pm	10am-6pm	10am-6pm	10am-5pm	Closed	50
Colonial Heights	10am-7pm	10am-7pm	10am-7pm	10am-6pm	10am-6pm	10am - 4pm	Closed	49
Danville	10am-7pm	10am-7pm	10am-6pm	10am-8pm	10am-5pm	9am-1pm	Closed	47
Portsmouth	10am-6pm	10am-6pm	10am-6pm	10am-6pm	10am-5pm	10am-5pm	Closed	46
Hampton	1pm-9pm	9am-5pm	9am-5pm	1pm-9pm	9am-1pm	1pm-5pm	1pm-5pm	44

Petersburg should reduce its hours by 25% to 49 hours per week: at 49 hours per week, Petersburg would still provide more hours of service than libraries in Danville, Portsmouth and Hampton and the same number of hours as in Colonial Heights.

By reducing all budgeted full-time salaries and benefits (other than the Director) by 25%, the Library would save $105,000 and an additional $27,700 through a similar reduction in part-time salaries. By closing the Library on Thursdays and reducing hours on Tuesdays, utility savings would be maximized and would total an additional $28,000. Total savings would be $160,700. Because some of these savings would be in the reduction of full time salaries, we are discounting potential savings by $10,000 to avoid duplication of savings through salary reduction.

Reduce Parks and Leisure Services Programming ($150,000 in FY 2018 savings)

The adopted FY 2017 budget provides $904,742 in funding for the City's Park and Leisure programs. Petersburg operates programs in 11 parks and recreational facilities citywide. The department provides a number of free programs including a summer camp and a pool free to Petersburg residents.

As of August 8, the department only had six full-time employees and the FY 2017 budget for full-time salaries and benefits was just under $412,500: nearly $300,000 in salaries is for part-time employees.

The City employs 26 part-time staff from Labor Day until Memorial Day, which includes 20 Recreational Aides, one bus driver, and five Recreational Leaders. Recreational Aides and Leaders provide support to the after school program, Senior Programming, Sports Complex, Virginia Food Bank, and administrative support. The bus driver provides transportation services for the senior program. All part-time staff from Labor Day until Memorial Day work 25-35 hours, with the exception of bus drivers, who work a maximum of 25 hours a week.

# of Staff	Position	Salary	Hours/Week
20	Recreation Aides	$8.00	25-35
1	Bus Driver	$10.75	25
5	Recreation Leaders	$10.75	25-35

To provide summer programming, the department hires 46 employees during the summer: part-time employees include four additional bus drivers for the summer camps, six life guards and two supervisory life guards for the pools, an additional 25 Recreational Aides for summer camp and three additional Recreational Leaders in a supervisory role. Most of these positions work 25-35 hours a week, with the exception of bus drivers, at 25 hours, and Recreation Leaders, at 35-40 hours a week.

# of Staff	Position	Salary	Hours/Week
45	Recreation Aides	$8.00	25-35
6	Life Guards	$10.75	25-35
2	Head Lifeguards	$11.00	25-35
5	Bus Driver	$10.75	25
8	Recreation Leaders	$10.75	35-40

The cost of operating the summer camp is approximately $150,000. The camp serves Petersburg children ages 6-13 at no cost. In 2016, the summer camp operated from June 27 to August 4.

Both Virginia State University and Petersburg Public Schools also operate low- to no-cost summer camps as well. These camps include free sports camps for tennis and baseball, and paid camps for women's basketball, softball, men's basketball, and volleyball. Additionally, there are educational camps as well, with Petersburg schools providing a science and math focused summer camp. 4-H also provides summer camps, although these are at a higher cost than the camps provided by VSU and Petersburg Public Schools.

The City is not in a position to fund these summer programs going forward. While there are no potential savings in FY 2017, the City should begin planning to transfer summer youth programming to Petersburg Schools, VSU or other local non-profit organizations for the summer

of 2017. The City can make available its pool facility to either the Schools or VSU for programming.

Consolidation of Planning, Community Development and Economic Development ($160,000 in savings)

As part of the FY 2017 budget process, the City combined its Economic Development, Tourism, Special Events and Cultural Affairs offices. As of August 8, that combined department now includes eight full-time employees. The proposed initiative to eliminate funding for museums and visitor centers would eliminate three of the full-time employees, leaving five full-time employees – including two of the City's 19 full-time employees with salaries of $90,000 or more. The Planning and Community Development has four full-time employees – including one additional full-time employee earning more than $90,000.

The City should consolidate Planning and Community Development into the remaining Economic Development Department. As part of the consolidation, the City should eliminate two of the positions with a salary of $90,000 or more and backfill one position with a more junior manager. Because some of these positions are part of the 10% reduction in salary, the potential savings is discounted by 10%.

Job Title	Proposed	Current
Director	$115,000	$115,000
Director	-	$100,000
Manager	-	$90,000
Grant Writer	$50,000	$50,000
Economic Development Project Manager	$48,172	$48,172
Administrative Assistant	$27,882	$27,882
Planner	$40,034	$40,034
Planner	$40,034	$40,034
Zoning Administrator	$57,444	$57,444
Project Manager	$50,000	-
-	$428,566	$568,566
Benefits and FICA (assume 26.5%)	$113,570	$150,670
Total	**$542,136**	**$719,236**

Eliminate Office of Hispanic Liaison ($100,000 in savings)

According to the most recent data from the American Community Survey, Petersburg has 1,333 Latino residents – up from 1,134 in 2000. While the Latino population is growing, it still accounts for just 4% of the City's overall population.

The City provides funding for an Office of Hispanic Liaison. As of August 8, the office had one full-time employee and a part-time hourly office assistant. As a point of comparison, the total staff for Human Resources is just three FTEs and the total staff for Purchasing is just three

FTEs. Based on a review of City websites for benchmark jurisdictions, no other jurisdiction has a Hispanic Liaison office. Hampton has a Citizens' Unity Commission that works to bring together the City's various communities; Richmond has an Office of Multicultural Affairs, which was formerly the Hispanic Liaison's Office; and Roanoke has a Cultural Commission. By comparison, Richmond's Latino population is ten times the size of the Latino population in Petersburg.

Municipality	Hispanic Liaison
Colonial Heights, VA	N
Danville, VA	N
Hampton, VA	N
Hopewell, VA	N
Petersburg, VA	**Y**
Portsmouth, VA	N
Richmond, VA	N
Roanoke, VA	N
Waynesboro, VA	N

The total budget for the Office for FY 2017 is $106,414 – including $14,000 for property rental. The City should eliminate the office. Because part of the savings would be attributable to salaries and this budgeted salary has already been reduced by 10%, we are discounting annual savings to $100,000. The City should also explore providing some additional local resources to Social Services, which might allow that department to access federal and state funding sufficient to provide a position focused on the Latino community.

FY 2017: Revenue Increases

Based on our review, we recommend that the City consider the following revenue increase for immediate action. Revenue estimates are for a fully year, FY 2018: FY 2017 projected savings are outlined in the summary of recommendations above.

Increase Cigarette Tax ($1.2 million in additional revenue)

Petersburg currently imposes a tax of ten cents per pack on cigarettes sold in the city. As of 2014, 29 out of 38 Virginia cities imposed a cigarette tax. Of those cities, Petersburg had the lowest rate per pack. Seven Virginia cities had cigarette taxes of 75 cents per pack or higher:

Municipality	Tax per Pack
Portsmouth	$0.90
Fairfax	$0.85
Newport News	$0.85
Alexandria	$0.80
Hampton	$0.80
Newport News	$0.80
Falls Church	$0.75

In FY 2015, the ten cents per pack cigarette tax generated $190,558 in revenue. Increasing the tax rate to 90 cents per pack would likely lead to a reduction in sales in Petersburg. Nationally, there is strong evidence that increases in cigarette taxes result in a reduced rate of smoking especially among young people. A significant increase in cigarette taxes would likely lead to leakage, with some people traveling outside of the city to purchase cigarettes. Still, even with a 20 percent reduction in sales due to price elasticity and leakage, the increase in the cigarette tax would generate an additional $1.2 million.

Increase the number of commercial and industrial properties in the tax base ($1 million in additional revenue)

General property taxes are the single largest source of revenue for Petersburg. In FY 2015, the City generated $32.6 million in revenue from the real estate property tax.

Compared to benchmark jurisdictions, Petersburg's fair market value is low – based on both fair market value (excluding government property) per capita and per mile:

Municipality	2014 FMV per capita	2014 FMV per square mile
Richmond	$95,266	$350,877,077
Colonial Heights	$93,324	$221,148,537
Waynesboro	$87,831	$125,503,717
Hampton	$80,162	$212,768,279
Portsmouth	$78,785	$225,237,479
Roanoke	$74,083	$173,888,313
Petersburg	**$64,985**	**$92,041,267**
Hopewell	$60,768	$132,282,626
Danville	$57,464	$56,328,663

In part, the relative low value of the tax base may be due to the City's overall economic conditions. But it may also be due to certain commercial and industrial properties not being fully assessed or included in the tax base.

According to information provided by the Real Estate Assessor, over $85 million in assessed property value was added to the City's property tax base during FY 2014 with the assistance of a consultant over a six month period. This initiative resulted in an additional $942,127 in revenue – including $321,953 in one-time revenue for back taxes.

The City should continue the effort to identify and fully assess all commercial and industrial properties. By continued investment in its consultant and new investment in technology, the

City should be able to expand the tax base by an additional $85 million in assessed property value. Assuming an investment of $100,000 in consulting cost and technology, the City should be able to generate an additional $1 million in recurring revenue and additional revenue for back taxes. It is likely that this initiative would also produce one-time revenue in FY 2017 for back taxes.

Increase refuse management fee to $20 per month ($630,000 in additional revenue)

In FY 2015, the City of Petersburg collected $1.5 million in revenue from a $14/month refuse management fee. According to the City's CAFRs, the fee has fully supported the cost of the refuse management contract since 2010, with the exception of 2014.

City	Annual	Monthly
Hampton	N/A	$ -
Roanoke	N/A	$ -
Colonial Heights	$159.00	$13.25
Petersburg	$168.00	$14.00
Waynesboro	$174.00	$14.50
Richmond	$210.00	$17.50
Danville	$246.00	$20.50
Hopewell	$247.80	$20.65
Portsmouth	$396.00	$33.00

As of FY 2014, Petersburg imposed the second lowest refuse management fee among its peers who charge fees.[18] Other cities use excess revenue from refuse management fees to provide funding to the General Fund, presumably to cover administrative and other costs. For example, Colonial Heights' FY 2017 budget expects a surplus in solid waste fee collections -- with $543,687 in waste management costs and projected revenue of $975,000. In FY 2016, the City of Portsmouth transferred $1 million from the General Fund to its Solid Waste Fund.

The estimated collection rates from 2010-2015 show a 2-year moving average collection rate of 87%. Based on this collection rate and the current number of customers, an increase in fee to $20 would raise an additional $630,000 annually.

[18] Weldon Cooper Center, Virginia Local Tax Rates, 2014 , "Table 20.1 Refuse Collection Fees, 2014," <http://www.coopercenter.org/sites/default/files/econ/TaxRates/taxrates2014/tr%20book%202014.pdf>

Audit tax exempt property and charge an annual exempt property registration fee ($585,000 in additional revenue)

Based on information provided by the Real Estate Assessor's Office, the City of Petersburg currently has approximately $124,371,000 in total assessed value for all real property that is coded religious, charitable, or benevolent. This valuation represents approximately $1,679,010 in general property tax revenue that is not available for use in the General Fund on an annual basis.

As a percentage of total fair market value, non-government tax exempt property in Petersburg is substantially higher than in benchmark jurisdictions. Based on state tax data, 11.9% of fair market value is non-government tax exempt compared to an average of 6.4% in benchmarks.

City	% Non-Govt. Tax Exempt
Petersburg	**11.9**
Waynesboro	10.7
Danville	7.5
Roanoke	7.4
Portsmouth	7.2
Richmond	6.7
Hampton	5
Colonial Heights	3.6
Hopewell	2.9

The City has recently implemented an application process for property owners who wish to have parcels considered for real property tax exemption. However, the application process does not address properties classified as exempt prior to its implementation. Further, the application process does not impose an annual processing fee, even though City resources are being used to determine exempt status.

The City should conduct an audit of all exempt property and reclassify non-exempt properties to the taxable property base. Assuming that Petersburg is closer to the average and that 35% of property currently assessed as tax exempt is really taxable, that would add an additional $43.5 million to the tax base. This would generate recurring revenue of $585,000 and one-time FY 2017 revenue based on back taxes.

The City should offset the cost of the audit and the new parcel review process by imposing an annual registration fee for tax exempt properties.

Increase the meals tax to 7.5% (480,000 in additional revenue)

In FY 2015, Petersburg collected $2,571,793 in revenue from a 6% tax on meals. Five other cities had a higher rate. The highest meals tax rate in the state, as of 2014, was 7.5% in Covington, Hampton and Newport News.

Petersburg should increase its tax rate to 7.5%. Even assuming a five percent reduction in sales due to leakage and elasticity, the increase would generate $480,000 in additional revenue annually.

Increase Personal Property Tax Rate to $4.90 per $100 ($470,000 in additional revenue)

In FY 2015, Petersburg collected $4.1 million in revenue from a $4.40 tax per $100 of personal property. Petersburg's tax base for personal property is much more limited than the tax base for real property. In FY 2015, the estimated value of real estate in Petersburg was $1.9 billion compared to an estimated value of personal property of $223.5 million. The 15 largest principal business taxpayers accounted for 15% of real property evaluation, but more than 70% of personal property evaluation: Virginia Electric (Dominion) accounts for $73.1 million in personal property evaluation.

Even if Petersburg increases its rate to $4.90 per $100, the rate would still be lower than benchmarks Portsmouth and Waynesboro -- both at $5.00 -- and Alexandria, Bristol, Buena Vista, Covington and Emporia. It would have the same rate as Dinwiddie County and a lower rate than seven Virginia counties. The increase would result in $470,000 in additional revenue annually.

Increase the lodging tax to 10% ($170,000 in additional revenue)

In FY 2015, Petersburg collected $256,522 in revenue from a 6% tax on lodging. Fifteen other cities had a higher rate. The highest meals tax rate in the state, as of 2014, was 10% in Emporia. Petersburg should increase its tax rate to 10%, generating $170,000 in revenue annually.

A Long Term Plan for Sustainability

Few – if any – of these recommended steps will be easy. But even if the City closes the projected gap in FY 2017, additional efforts will likely be necessary in FY 2018 and beyond.

The City faces likely increases in cost in coming years.

At some point, the City will need to consider the restoration of salary reductions and the need to address market lags.

Even with salaries frozen, it is likely that other employee benefits will continue to grow.

Health care costs will continue to increase. In its State and Local Governments' Fiscal Outlook, 2015 Update, the Government Accountability Office (GAO) noted that a "primary driver of long-term fiscal challenges for the state and local government sector continues to be the growth in

health-related costs." [19] The GAO projects that state and local government employee health care costs will outpace overall economic growth. Data from the Kaiser Family Foundation suggest that the rate of growth in employer contributions for health care has declined from 7.3% annually in 2000-2010 to 5.3% annually in 2010-2014 to 4.8% in 2015: even with these declines, the growth in employer contributions to health care continues to outpace overall economic growth.[20]

Growth in pension contributions over the last decade has also exceeded overall economic growth. According to the Virginia Retirement System CAFR, employer contributions for the Political Subdivision plan as a percentage of payroll grew from 6.97% in 2006 to 11.87% in 2015. Thus, increased pension liability could also drive future deficits as well.

Depending on how the City ultimately restructures its debt, it is possible that short term budgetary relief (e.g. a reduction in FY 2017 or FY 2018) could come at the price of significantly higher debt service in out-years. Moreover, any debt restructuring will need to address the City's unpaid obligations that were identified by the Commonwealth technical assistance team.

These structural issues are not atypical. Other than fast growing local jurisdictions, most local governments need to address structural budget gaps driven by health care, debt and pension obligations. The important point for Petersburg is that even as it begins to address its FY 2017 gap, it will likely need to take additional actions to address these issues as well.

During our review of options for the PEG, we identified a series of areas where potential additional savings may be possible but where those savings are unlikely to be realized until FY 2018 or later. The following are examples of the types of initiatives that the City will need to consider as it moves forward:

Reform current work rules and workforce benefits

The City should consider a series of reforms to work rules and benefits as part of an additional effort to obtain sustainable, budget savings: these changes will be essential if the City hopes to restore some or all of the salary reductions imposed this year.

Reduce number of holidays from 12 to 10

One way to increase productivity and potentially reduce staffing needs would be to expand the number of hours worked by City employees on an annual basis. Like many city governments, Petersburg currently provides more than 10 paid holidays to City workers. The City could consider reducing the number of holidays to 10 – the current number of holidays for federal employees.

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[19] U.S. Government Accountability Office, GAO-16-260SP. "State and Local Governments' Fiscal Outlook, 2015 Update." <http://www.gao.gov/assets/680/674205.pdf>

[20] Henry J. Kaiser Family Foundation, "2015 Employer Health Benefits Survey." September 22, 2015. <http://kff.org/health-costs/report/2015-employer-health-benefits-survey/>

Reduce the cost of health insurance

The City will spend an estimated $3.8 million on employee health insurance in FY 2017. To control growth in these costs going forward, the City needs to consider:

- Increased employee contributions
- Changes in health plan offerings
- Conducting a dependent eligibility audit

Employee contributions: City employees are insured through the State-administered health benefits program, The Local Choice (TLC). TLC offers a choice of four medical plans to each participating local jurisdictions. These medical plans include prescription drug and vision coverage and are bundled with one of two dental plans.

While the City cannot make or request any changes to each of the plans' design features such as copays, coinsurance, or deductibles, the City can determine which of the four plans it offers and how much it and its employees will contribute to the premiums. Currently, Petersburg offers its employees a choice of the Key Advantage Expanded or Key Advantage 500 plans, either with comprehensive and preventive dental coverage. The percentage of premium paid by the employee and employer are shown below:

Level of Coverage		Key Advantage Expanded		Key Advantage 500	
		Employee	City	Employee	City
With Comprehensive Dental	EE Only	24.2%	75.8%	9.4%	90.6%
	EE + One	41.2%	58.8%	29.7%	70.3%
	EE + Family	41.1%	58.9%	29.6%	70.4%
With Preventive Dental	EE Only	22.0%	78.0%	6.5%	93.5%
	EE + One	40.8%	59.2%	29.0%	71.0%
	EE + Family	40.8%	59.2%	29.1%	70.9%

The City must maintain a minimum of 80% contribution for employee only coverage if it offers two plans. The current average is 83.2%. Given this 80% minimum, only marginal changes can be made to the percent of premium paid by the employee.

Small increases to the employee share of premium at all levels of coverage for all plans can be made while maintaining the State-mandated 80% minimum. The employee/employer premium splits shown below meet the 80% minimum for the two plans when bundled with both the comprehensive dental plan (80%) and the preventive dental plan (83.3%). The changes in cost share shown below represent $164,000 in annual savings for the City, based on Plan Year 2016-2017 premium rates.

Level of Coverage		Key Advantage Expanded		Key Advantage 500	
		Employee	City	Employee	City
With Comprehensive Dental	EE Only	30.0%	70.0%	10.0%	90.0%
	EE + One	45.0%	55.0%	30.0%	70.0%
	EE + Family	45.0%	55.0%	30.0%	70.0%
With Preventive Dental	EE Only	25.0%	75.0%	8.5%	91.5%
	EE + One	45.0%	55.0%	30.0%	70.0%
	EE + Family	45.0%	55.0%	30.0%	70.0%

The changes shown above represent an average 2.5% increase to the percent of premium paid by Petersburg employees. City employees have seen only two increases in their insurance premiums since FY 2010 (FY 2014 and FY 2016). In both years, the City absorbed the increase in rates. For future increases, the City should consider splitting any premium increase with employees.

Health plan offerings: Two other plans offered by the TLC – Key Advantage 250 and Key Advantage 1000 – are less rich versions of the Key Advantage Expanded and Key Advantage 500 plans currently offered to City employees. Specifically, they offer slightly higher deductibles, higher out-of-pocket maximums, and higher copays for some services and procedures. The City could potentially reduce its health benefits offerings to one lower cost plan.

Dependent eligibility audit: The City should consider conducting a dependent health care eligibility audit to identify individuals who receive health care coverage from the City even though they are no longer eligible. Current employees' dependents often remain on a jurisdiction's health care rolls even after they are no longer eligible due to reaching the dependent cutoff age, death, divorce, or procurement of health coverage from another source. An audit will cause no change to existing benefits or coverage. Audits typically find approximately eight percent of dependents to be ineligible.

The City has not performed a dependent eligibility audit since 1998. Commissioning an audit in the coming fiscal year and undertaking routine audits as feasible will identify long term savings for the City. Moreover, audits have become a common practice among large public employers in recent years, so conducting routine audits would bring the City in line with best practices.

The cost to execute a dependent eligibility audit varies significantly based on the size of the dependent pool and the level of effort desired by the jurisdiction. Audits can be conducted through a random mailing or can be a full, detailed audit of every dependent on the jurisdiction's health care rolls. Most commonly, a third party auditor is engaged to perform the audit. In the case of Petersburg, the ability to commission an audit might be limited by the City's participation in The Local Choice (TLC) benefits program, through more exploration is needed.

While difficult to estimate specifically for Petersburg, cost savings for smaller governments tend to be significant. A 2015 analysis of five small local government dependent eligibility audits

showed an average first-year savings of approximately $136,000 and return on investment of 1135%.

Additional Opportunities for Consolidation

There are additional opportunities for departmental consolidation within City government.

Create a Public Safety Department

The City should consider consolidating its police and fire departments into a single public safety department. In 2012, Michigan State University conducted a study which found that 130 agencies had some level of consolidation.

There were some cases where departments operated with a joint force, which featured police officers and firefighters that were cross-trained and deployed as public safety officers. For example, Sunnyvale, California (140,081) has a unified public safety department with cross-trained officers performing police, fire and EMS responsibilities. A more common model, however, centralizes back-office functions but operates police and fire/EMS functions separately.

In Petersburg, the FY 2017 budget provides funding for a total of 15 positions in the Bureau of Police and the Fire Department to deliver administrative, logistical, and/or personnel-related services. Across the country, public safety agencies are increasingly examining consolidation of back office resources as a way of achieving savings and improving operational capacity and effectiveness. The City of Petersburg has already implemented aspects of this idea in its combined system for emergency dispatch and communications.

Additional studies would have to be conducted to determine the exact savings that could be captured through consolidation in Petersburg. The City should investigate this concept, with the aim of implementing it in FY 2018. In conjunction with consolidating back office functions, the City should also examine opportunities for reducing the number of sworn FTEs that perform purely administrative functions by replacing them with civilians. In the Bureau of Police, for example, civilians only comprise 7% of the employees, which is much lower than the national average of 21%[21].

Additional Opportunities for Consolidation

The City should also examine the viability of consolidating the Library and remaining Parks and other youth focused programs into a single department. And there may be opportunities for consolidation across multiple offices that deal with various aspects of the City's finances.

[21] U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics. "Local Police Departments, 2013: Personnel, Policies, and Practices." <http://www.bjs.gov/content/pub/pdf/lpd13ppp.pdf>

Develop a Shared Services Plan with Petersburg Schools and Other Local Governments

Petersburg also needs to identify other governmental partners to explore shared services. Petersburg does this to a considerable extent already. The Riverside Regional Jail Authority, the planning district and other regional entities and funding of Petersburg Area Transit by the City of Hopewell are all examples of shared services.

Significant additional opportunities exist – particularly with respect to some of the City's back office and support activities. In particular, the City should examine whether savings could be achieved by reducing duplication in areas such as finance, accounting, purchasing and human resources. For example, both the City and Petersburg Schools have staff in each of these areas. In some cases, it may make sense for the school system to take on the function and in other cases, it may make sense for the City to take on the function. Accrued savings through shared services may be one way to restore funding to the school system.

The City should also pursue additional opportunities for shared services, such as a regional approach to 911, with other local governments.

Privatization of Operations and Assets

The City should explore whether there are opportunities for savings or improvements in service through privatization or managed competition of City operations. For example, security services, janitorial services, street maintenance and grounds maintenance may all be areas where use of private contractors may result in savings.

The City also needs to develop and implement a policy related to the sale of City assets. The City holds and maintains significant real estate assets – more than most cities of its size. These include vacant properties, City facilities and other buildings. Recently, as a means of generating one time cash, the City announced a sale of some of that property for $1.3 million.

The sale of City assets is an important and legitimate means of generating revenue. The City, however, should proceed with caution. First, any sale of City assets generates non-recurring revenue – in other words, the City cannot sell the same property every year. Second, the City should always make sure that it is obtaining a fair price for any property or asset that it sells: sometimes local governments, seeking immediate revenue, move forward with sales that are for less than market value. Third, the City should always consider whether the sale of an asset may have long term costs.

As a first step, the City should develop a policy as to when asset monetization or other asset sales are appropriate, how the proceeds of asset monetization should be budgeted, such as differences in operating costs and capital costs and the need to avoid non-recurring revenue being dedicated to recurring costs.

In addition to its real estate portfolio, the City should also consider the sale or privatization of certain assets that are underperforming. The Dogwood Trace Golf Course is one example of a candidate for sale or private operation as a means of generating one time revenue, relieving the City of outstanding debt and eliminating the need for subsidy.

Evaluate Subsidy Levels for Petersburg Area Transit

The FY 2017 budget calls for a subsidy of $224,484 for the operation of the local transit system. Petersburg Area Transit also serves Colonial Heights and Hopewell and provides connection transit service to Richmond. As is the case with most smaller transit systems, it is difficult to generate substantial operative revenue from fares and service efficiency is equally challenging.

Comparative data from the Federal Transit Administration database highlight these challenges in Petersburg.

Municipality	Fare Revenue as % of Operating Funds	Bus Operating Expense per Unlinked Passenger Trip	Bus Trips per Vehicle Revenue Hour
Danville (2013)	22.0%	$3.02	14.5
Hampton Roads (2014)	18.7%	$4.88	19.3
Petersburg (2014)	**15.3%**	**$7.40**	**10.5**
Richmond (2014)	24.8%	$4.45	22.1
Roanoke (2014)	24.7%	$3.02	21.7

The City should consider several steps to potentially reduce its subsidy for service, including increased subsidies from Colonial Heights and Hopewell, service reductions, fare increases and potentially contracting out for the operation of transit.

Reduce Energy Use and Costs

While Petersburg's energy costs have declined 18% from a high of approximately $548,000 in FY 2013, the cost of energy remains one of the City's highest non-personnel related costs. The City should consider a focused effort to continue the reduction in energy – potentially in partnership with Petersburg Schools and other local governments.

Strategies might include behavioral activities such as turning off lights when leaving a room and adjusting thermostats, and structural changes such as installing new HVAC systems, more efficient lights, and window film.

The Environmental Protection Agency estimates that cities can save about 5% (about $22,000 from FY 2016 spending) from their energy costs by enacting behavioral changes, such as turning off unused lights, and increasing thermostats during the summer and lowering them during winter months. More systems related changes could produce significantly greater savings.

Eliminate funding for the Petersburg Generals

The City of Petersburg owns the Petersburg Sports Complex and has provided over $100,000 annually in subsidies for the Petersburg Generals baseball team. In FY 2018, the City should end subsidies to the Petersburg Generals and consider turning the City Sports Complex over to a non-profit organization, Virginia State University or Petersburg Public Schools.

Petersburg Generals are poorly attended. The Sports Complex can seat up to 2,500, although the average attendance per game has not reached capacity since at least 2011. The Generals have had the lowest or second lowest attendance record in the Coastal Plains League since 2013.[22]

Year	Attendance (total)	Attendance Per/Game
2011	6,682	278
2012	22,146	852
2013	7,291	317
2014	22,501	900
2015	7,593	304

Although the City's adopted FY 2017 budget calls for just $64,000 in subsidies, the City has provided more than $100,000 in annual subsidies in each of the last three years.

	2012	2013	2014	2015
Sports Complex Revenue	39,909	17,376	15,498	8,665
General Fund Subsidy	87,300	129,708	163,023	147,011
Attendance	22,146	7,291	22,501	7,593

Because Petersburg Public Schools use the Sports Complex for high school games, the City may want to consider simply turning it over to the school system for operation. Alternatively, the City may want to engage VSU as an operating partner in the facility.

Opportunities for Additional Revenue

The City should also consider undertaking a comprehensive analysis of fees to ensure that user revenues are maximized and that fee levels have been adjusted to increases in cost over time.

[22] Riechard, Kevin, "2015 Summer Collegiate Attendance by League, <http://ballparkdigest.com/2015/08/10/2015-summer-collegiate-attendance-by-league/>

The Need for Partnerships

While the City of Petersburg needs to take these recommended actions to address the current fiscal crisis, it also needs to begin long term partnerships with the Commonwealth, neighboring local governments and civic stakeholders. Petersburg needs to show leadership in addressing its fiscal challenges, but it will only emerge from this crisis with the assistance of others.

This needs to start with an honest assessment of existing relationships. Neighboring local governments and City-funded entities like the local school system have been directly affected by the City's inability to make timely payments on its outstanding obligations. The $18.8 million in outstanding unpaid obligations identified by the Commonwealth technical assistance team includes more than $8.5 million in unpaid obligations to other governmental entities.

These government entities have a direct interest in working with the City to overcome its challenges. But they also have a legitimate expectation that the City will take all necessary actions to make payments on outstanding obligations in a timely manner.

The Commonwealth has already provided significant assistance to the City through its technical assistance team. But once the City takes necessary action on the PEG, it should ask the Commonwealth for additional assistance. As the City has less capacity in areas such as planning, economic and community development and tourism, it should work with agencies of the Commonwealth to see if additional resources could be applied in those areas to assist the City – both to fill the short term gap in capacity and to prioritize economic development in Petersburg to begin to grow its tax base.

The Commonwealth can also be asked to takeover certain assets of the City. For example, the Commonwealth may be better positioned to own and operate museums than the City. The City should also explore whether an enhanced partnership with the State Police could supplement local police activity.

The Commonwealth has also provided critical support to the City by advancing certain state aid. Continued support of this type will be essential to address continuing cash flow issues.

There are also critical stakeholders within and near the City of Petersburg. The Southside Medical Center is the City's largest employer and its largest taxpayer. The City already has partnerships with local philanthropy, such as the Cameron Foundation, and major higher education institutions, such as Virginia State University and Richard Bland College. And Fort Lee, though located outside of the city, is an important employer of Petersburg residents. Throughout this report, we have made recommendations on how these stakeholders can provide support or take over roles where the City no longer has adequate capacity.

To foster these partnerships, we would encourage the City – through the City Manager – to set a series of regular, no less than monthly meetings, with officials from:

- Hopewell and Colonial Heights on opportunities for shared services and to report on the status of joint funding agreements
- Petersburg Public Schools on opportunities for shared services and to report on the status of funding

- The Commonwealth on economic and community development, tourism, public safety and finance issues
- Civic stakeholders on opportunities for takeover of management and ownership of assets

Management and Budget Best Practices

Adoption of the FY 2017 PEG is an essential step toward righting the City's fiscal ship. Without action, the City will remain on an unsustainable budgetary course – with revenues continuing to outpace expenditures. Simply put, the City will run out of money and lose its ability to pay workers to deliver the most basic City services.

The City must also proceed with a series of practices to both ensure that adopted budgetary changes are implemented and to begin to identify further opportunities for budget reduction and improvements to overall local government efficiency and effectiveness.

Some of the most basic steps that the City should take include:

- Creating a regular process of monitoring budget implementation by comparing actual revenue and expenditures to budget. The City Manager and Finance Director should hold monthly meetings with departments to go over to budget to actual data and take steps to control spending.
- Establishing a permanent vacancy control process whereby no hiring – whether budgeted or unbudgeted – occurs without the sign off of the City Manager, Finance Director and HR Director. Vacancy control can produce savings beyond those contemplated in the recommended PEG.
- Providing regular – at least monthly – reporting to all department heads, the City Council and the public on overtime spending, hiring, cash flow and budget to actual data. This level of transparency will both build confidence in the City's operations and promote a public conversation about additional steps that can and should be taken to achieve fiscal sustainability.
- Creating an Audit Committee and appointing – or engaging a CPA by contract – to act as the City's Internal Auditor. The internal auditor would have the ability to review and regularly report on finance and performance issues in City government. The Internal Auditor would not be responsible for preparing the City's annual financial report. Instead, they would seek to identify improvements in financial controls and opportunities for savings and new revenue.
- Supporting budget implementation by hiring two budget managers who report directly to the City Manager. The budget managers would assist in budget development, prepare the regular reports on the budget and spending, assist in implementation of budget initiatives and identify additional potential savings and revenue opportunities on an ongoing basis.

APPENDIX I

CITY OF PETERSBURG EMERGENCY FINANCIAL AND OPERATIONAL RESTRUCTURING PRESENTATION BY THE ROBERT BOBB GROUP, LLC DATED NOVEMBER 1, 2016

THE ROBERTBOBB GROUP LLC

City of Petersburg Emergency Financial & Operational Restructuring

Presentation to Petersburg City Council

The Robert Bobb Group, LLC

November 1, 2016

THE ROBERTBOBB GROUP LLC

Agenda

- RBG Team Organization
- Program Management Office (PMO)
  - PMO Governance
- 5 Month Plan
- Executive Summary
- Focus on Fiscal Emergency
  - Short Term Focus
  - Long Term Focus
- Issues identified in Week 1 requiring immediate resolution
- RBG Plan of Entry
- Transparency
  - Data Collection
  - FTA Review of PAT
  - Documents Requested
  - Meetings held in Week 1

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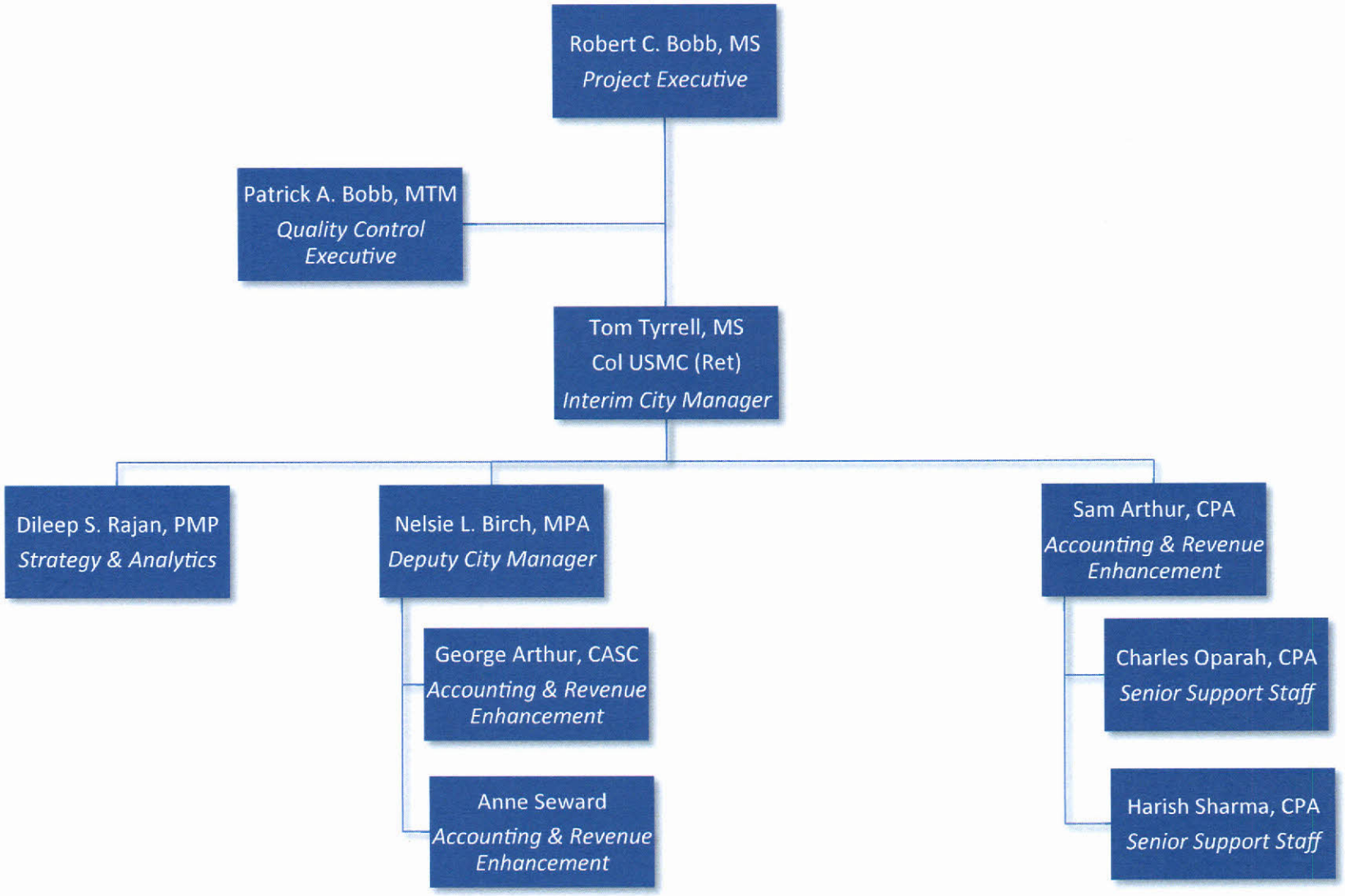
RBG Team Organization



THE ROBERTBOBB GROUP LLC

Program Management Office (PMO)

Approach

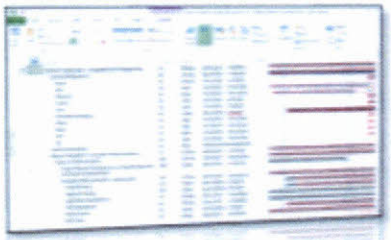
1. Stabilize Financial Operations
2. Execute financial recommendations
3. Establish long term fiscal operating platform

Key Activities

- Financial officer meetings
- Document Collection and Review
- Data Analysis and set up long term analytics capability
- Weekly progress reporting and sharing of findings
- Meet with key vendors and identify any funds that can be collected

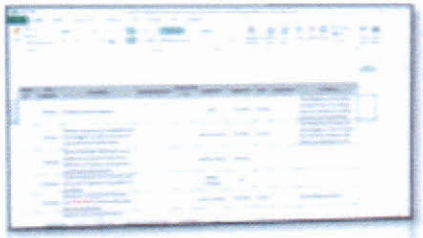
Key Tools

Project Plan



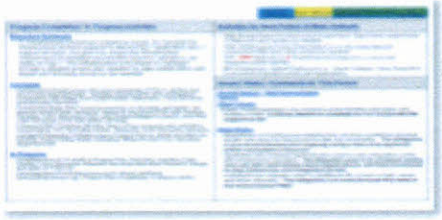
Continuously updated and monitored list of tasks and dependencies

Project Management Tools



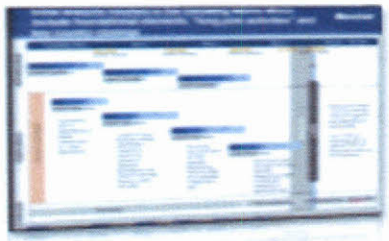
Action Log, Meetings Tracker, Risk & Issues Log

Weekly Status Reporting



Weekly Status Reporting shared with Leadership

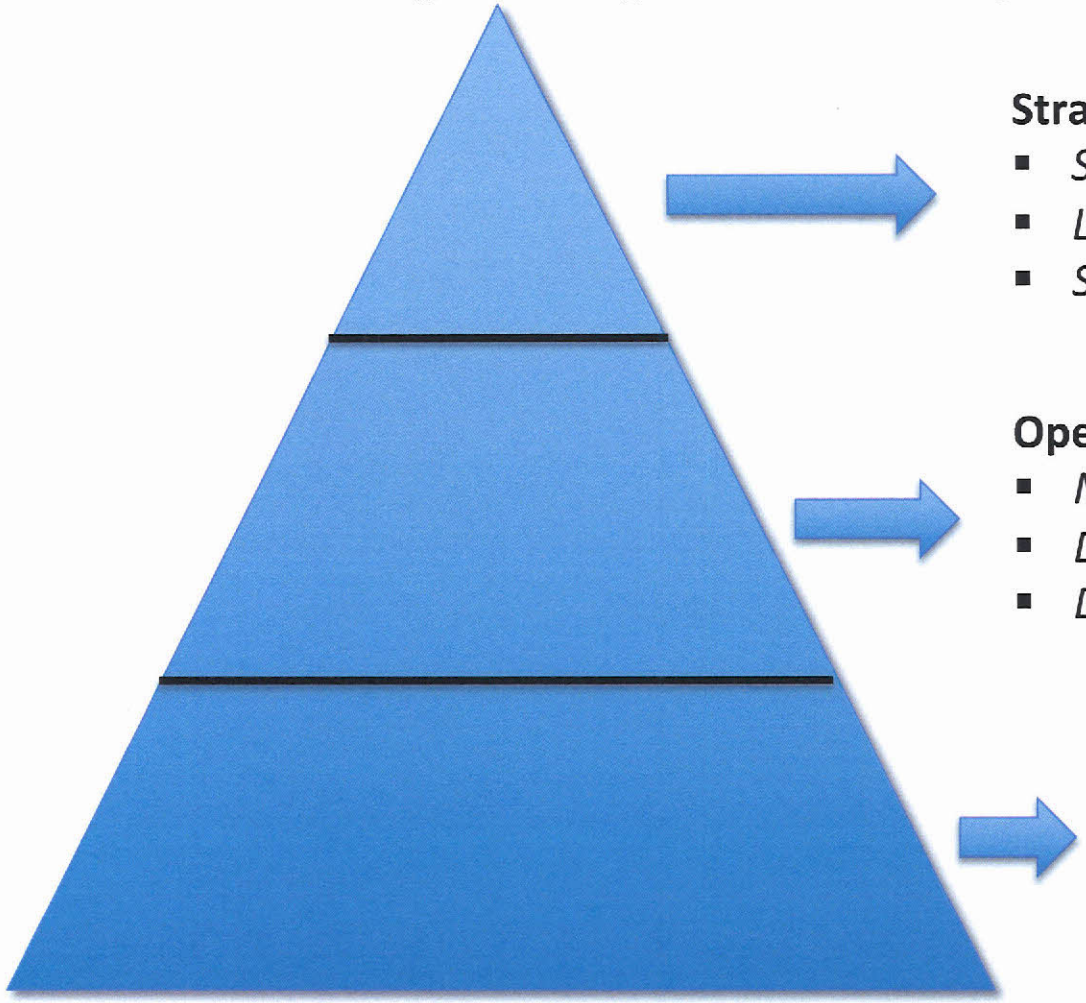
Turnaround Activity Sequencing



Turnaround and restructuring activities

PMO Governance

The PMO manages data and information through an intake process designed to organize and store information for future use.



Strategic Level

- *Short Term Fiscal Plan*
- *Long Term Fiscal Plan*
- *Sustainable Operating Platform*

Operational Level

- *Manage the Project Plan*
- *Data Governance*
- *Deliverable Management*

Tactical Level

- *Document Meeting Minutes*
- *Report Weekly Status*
- *Manage Documents securely*

Our governance model is designed to build and sustain a knowledge repository.

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TO BE CONTINUOUSLY UPDATED

5 Month Plan

#1 Priority for Month One is a laser focus on financial operations.

Financial Emergency Turnaround – Key Activities

Phase 1: 10/25/16 – 12/2/16	Phase 2: 12/5/16 – 1/27/16	Phase 3: 1/30/16 – 3/31/16

Strategic Theme 1: Short Term Financing

Strategic Theme 2: Long Term Financing and Fiscal Plan

Strategic Theme 3: Technology, Data and Process Platform

Phase 1:

1. Finalize list of Outstanding Invoices from FY16 and Prior.
2. Secure Revenue Anticipation Note (RAN).
3. Pay current FY17 obligations with the RAN.
4. Develop a long-term financing strategy to deal with the deficit.
5. Validate the FY17 budget, audit cell phone bills and utility bills.
6. Conduct benefits eligibility audit.
7. Conduct document reviews to build on previous work: Report by Secretary of Finance, Commonwealth of Virginia, Aug 3, 2016, PFM Report.
8. Identify Capital Funds that can be deferred.
9. Develop Internal/External Communications Plan.
10. Prioritize workforce compensation issues and conduct salary survey.

Phase 2:

1. Determine the revenue cycle and what billing cycles should change to help cash flows, including state-shared revenues.
2. Determine critical positions to hire.
3. Issue RFP for the City's CAFR/Auditing responsibilities.
4. Review the city's economic development plan and individual agency plans.
5. Conduct organizational assessment, and identify resource gaps.
6. Conduct detailed business process reviews for financial operations and create standard operating procedures and policies.
7. Start recruiting critical hires.
8. Conduct technology assessment and define a robust and scalable platform.
9. Map process flows for Accounts Payable.
10. Publish a 2018 Budget Calendar that includes CIP.

Phase 3:

1. Provide recommendations for upgraded systems/procedures to track cash.
2. Implement long-term financing strategy to deal with the deficit.
3. Make recommendations for process improvement, roles & responsibilities.
4. Establish a long term financial operating platform based on Phase 2's technology assessment.
5. Fill key positions and make recommendations for key positions (e.g., City Manager).
6. Identify additional cost savings and lines of revenue.
7. Implement technologies that enhance financial transparency.
8. Recommend a draft FY18 capital and operating budget.
9. Conduct a mid year FY17 budget review.
10. Hand off knowledge repository to city & submit our Exit Plan.

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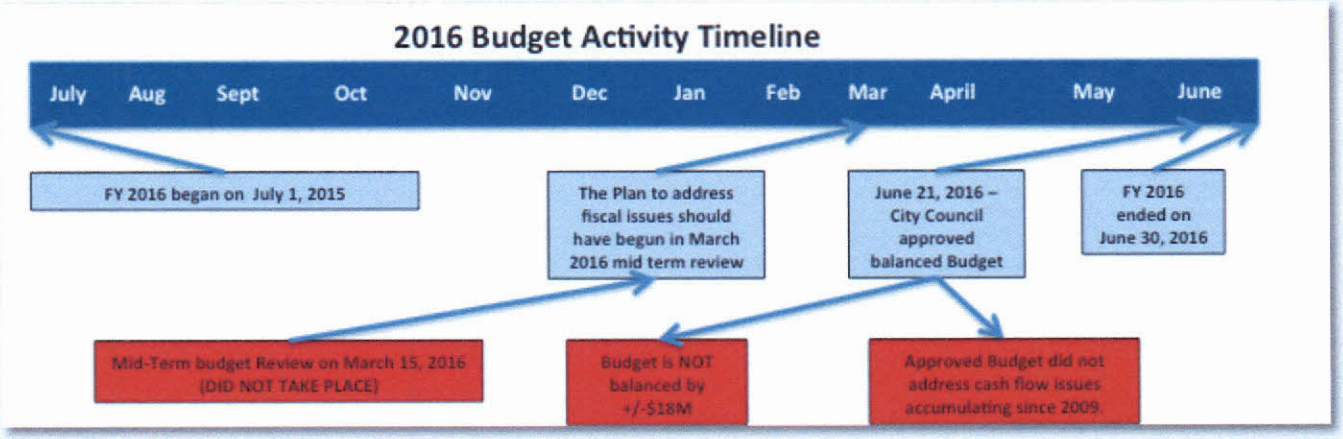
Executive Summary (1 of 4)

- RBG was contracted using an emergency procurement process on October 25, 2016



- The city faces a financial emergency of +/-$18M in accumulated arrears up to the period ending June 30, 2016
  - This does not include +/-$6.0M in unpaid bills for the current year

- As Davenport's report warned on Aug 3rd, the S&P downgraded the city's rating from BBB to BB with negative outlook ***risking the ability to pay for essential services such as police, fire and EMS***

By not addressing growing structural deficits since 2009, the city faces great risk in funding essential and critical public services. The fiscal crisis deepens.

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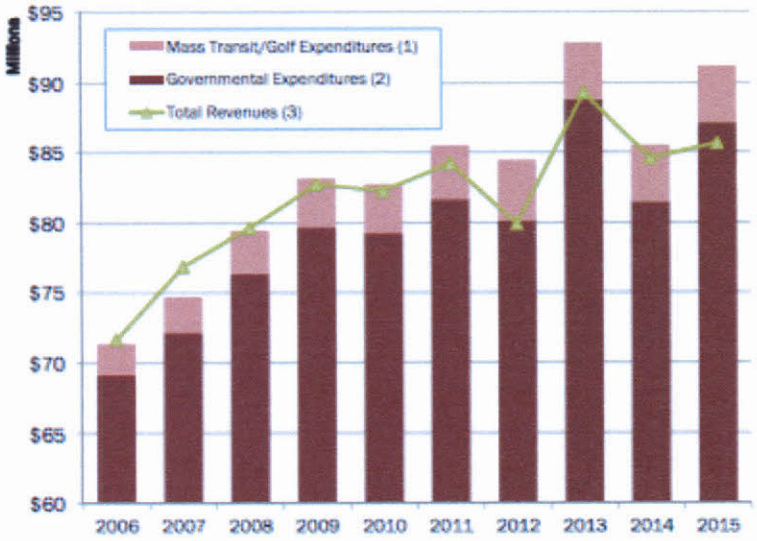
Executive Summary (2 of 4)

Governmental, Mass Transit and Golf Funds

Fiscal Year	Expenditures Mass Transit/Golf (1)	Expenditures Governmental (2)	Total Revenues (3)	Surplus (Deficit)
2006	2,207,103	69,117,310	71,635,381	310,968
2007	2,500,457	72,158,936	76,829,525	2,170,132
2008	3,049,122	76,375,348	79,596,926	172,456
2009	3,460,204	79,668,879	82,692,844	(436,239)
2010	3,505,975	79,214,494	82,239,280	(481,239)
2011	3,834,946	81,657,871	84,186,793	(1,306,024)
2012	4,299,727	80,140,067	79,878,828	(4,560,966)
2013	4,032,005	88,798,157	89,238,273	(3,591,889)
2014	4,025,575	81,483,802	84,553,700	(955,677)
2015	4,107,319	87,076,939	85,653,894	(5,530,364)

The City began its deficit in 2009 and continued it to the current fiscal year

Revenues vs Expenditures (Govermental, Mass Transit/Golf Funds)



(1) Net of Depreciation
(2) Excludes Capital Projects Fund
(3) Includes Net Other Financing Sources (Uses) for the General and NonMajor Governmental Funds and Net Non-Operating Revenue for the Mass Transit and Golf Funds.

Source: City CAFRs

DAVENPORT & COMPANY

August 3, 2016

8

Source: Background/Summary of Davenport's 2012 Financial Review & Preliminary Plan(s) of Finance, Presentation to the City of Petersburg, VA City Council, August 3, 2016

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Executive Summary (3 of 4)

City of Petersburg, VA

Cash Flow Summary - With RAN

RAN Funding Assumed in December 2016
Monthly

	Actual Jul-16	Actual Aug-16	Actual Sep-16	Projected Oct-16	Projected Nov-16	Projected Dec-16	Projected Jan-17	Projected Feb-17	Projected Mar-17	Projected Apr-17	Projected May-17	Projected Jun-17	Total
Beginning Balance	**1,698,696**	**2,997,697**	**2,658,430**	**5,530,056**	**2,280,269**	**(389,810)**	**7,362,333**	**4,900,287**	**2,291,156**	**6,179,964**	**3,378,859**	**3,048,345**	
Total Revenues - FY 2017	5,496,909	3,305,160	10,514,721	5,795,207	4,558,935	10,348,917	5,372,455	5,754,420	12,943,515	5,772,111	7,787,587	12,897,199	90,546,537
PLUS(MINUS) Adjustment for July-Sept Actual(1)	1,554,217	2,589,009	(921,326)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	0
PLUS RAN	0	0	0	0	0	6,500,000	0	0	0	0	0	0	6,500,000
Total Cash Flow Receipts	**7,051,126**	**5,894,169**	**9,593,395**	**5,437,218**	**4,200,946**	**16,490,329**	**5,014,466**	**5,396,431**	**12,585,527**	**5,414,122**	**7,429,598**	**12,539,210**	**97,046,537**
LESS Expenditures	5,752,125	6,233,435	6,721,769	8,687,004	6,871	8,338,186	6,803,762	7,332,812	8,023,969	7,542,477	7,087,362	8,640,755	87,834,682
LESS Other Payments	0	0	0	0	0	600,000	0	0	0	0	0	0	600,000
Less RAN REPAYMENT	0	0	0	0	0	0	672,750	672,750	672,750	672,750	672,750	3,272,750	6,636,500
Total Cash Flow Expenditures	**5,752,125**	**6,233,435**	**6,721,769**	**8,687,004**	**6,871,025**	**8,738,186**	**7,476,512**	**8,005,562**	**8,696,719**	**8,215,227**	**7,760,112**	**11,913,505**	**95,071,182**
Revenues Over (Under) Expenditures	**1,299,001**	**(339,266)**	**2,871,626**	**(3,249,787)**	**(2,670,079)**	**7,752,143**	**(2,462,046)**	**(2,609,131)**	**3,888,808**	**(2,801,105)**	**(330,513)**	**625,705**	**1,975,355**
Ending Balance	**2,997,697**	**2,658,430**	**5,530,056**	**2,280,269**	**(389,810)**	**7,362,333**	**4,900,287**	**2,291,156**	**6,179,964**	**3,378,859**	**3,048,345**	**3,674,051**	

Annual Summary

Beginning Balance	
Total Revenues - FY 2017	
PLUS(MINUS) Adjustment for July-Sept Actu	
PLUS RAN	
Total Cash Flow Receipts	
LESS Expenditures	
LESS Other Payments	
Less RAN REPAYMENT	6,636,500
Total Cash Flow Expenditures	**95,071,182**
Revenues Over (Under) Expenditures	**1,975,355**
Ending Balance	**3,674,051**

This shows the use of the Revenue Anticipation Note (RAN) to address the immediate cash flow issues

RAN Payments

					Beg Bal	Ending Bal
1	1/1/2017	650,000	22,750	672,750	6,500,000	5,850,000
2	2/1/2017	650,000	22,750	672,750	5,850,000	5,200,000
3	3/1/2017	650,000	22,750	672,750	5,200,000	4,550,000
4	4/1/2017	650,000	22,750	672,750	4,550,000	3,900,000
5	5/1/2017	650,000	22,750	672,750	3,900,000	3,250,000
6	6/1/2017	650,000	22,750	672,750	3,250,000	2,600,000
7	7/1/2017	650,000	22,750	672,750	2,600,000	1,950,000
8	8/1/2017	650,000	22,750	672,750	1,950,000	1,300,000
9	9/1/2017	650,000	22,750	672,750	1,300,000	650,000
10	10/1/2017	650,000	22,750	672,750	650,000	0

(1) Represents difference between actual cash received and projections based on FY 2017 Budget.

Source: Based on cash flow data and budget provided by the City of Petersburg, VA

Prepared by: Davenport & Company LLC 1 11/2/2016 - 16:41

**Data provided by Davenport & Co to RBG on November 2, 2016*

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Executive Summary (4 of 4)

This is a picture of real "checks in the drawer" for unpaid bills going back to January 2016.

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Focus on Fiscal Emergency

- <u>Immediate Focus in the Short Term</u>
  - Identify areas to ensure the FY 2017 budget is realistic and balanced
  - Obtain short term debt financing
    - Within the next two weeks, City Council will be updated on our efforts
  - This will help address emergency funding for bills that need to be paid <u>*now*</u>

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Focus on Fiscal Emergency

- <u>Our Long Term focus will address</u>
  - Identify and address City Administration resource gaps, especially critical hire positions
  - Provide recommendations for upgraded technologies, policies and procedures to manage cash more efficiently
  - Develop the blueprint for a sustainable financial operating platform that mitigates Petersburg's risk for future financial risk

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PRELIMINARY

Issues identified in Week 1 (1 of 4)

Issue #1: +/- $18.0M Deficit from FY 2016 and Prior

- Figure Based on Analysis done by the State NOT the City; City has not maintained Records.
- We observed City has paid invoices from prior years using current year revenues (at least one example of an invoice paid twice from FY 16).

Key Activities

- Update the Analysis to Get a Final List of Outstanding Invoices from FY 16 and Prior
- Develop long-term financing strategy to deal with the deficit
- Communicate to vendors our plan and when they can expect to be paid

Issue #2: +/- $6.0M Invoices Unpaid for FY 2017

- City has not had a strategic approach to handling the growing list of unpaid vendor invoices.
- Current FY that began July 1 has not been kept current and there continues to be a cash flow challenge as there is not enough money in the bank in cash to fulfill the current obligations.

Key Activities

- Secure Revenue Anticipation Note (RAN)
- Communicate to Vendor Community
- Pay all current obligations for FY 17 with the RAN

Issue #3: FY 17 Budget is Unrealistic, Lacks Transparency, and Has Not been appropriated or made available to the public

- Even with the $12.5M reduction from the original budget to the amended budget, there is a lack of accountability and information related to the FY 17 budget to ensure that the City can meet what is planned.
- It appears that cutting employees salaries by 10% and reduction in force was taken over dramatically eliminating services.

Key Activities

- Map the process with the Finance team and Treasurer.
- Optimize how work can be done between the two departments
- Determine whose responsibility it is to determine cash flows (cash versus obligations)
- Determine who is responsible for ensuring enough cash is in the bank to meet obligations.
- Determine the revenue cycle and what billing cycles should change to help cash flows, including state-shared revenues.
- Provide recommendations for upgraded systems/ procedures to track cash.

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PRELIMINARY

Issues identified in Week 1 (2 of 4)

Issue #4: Cash Flow Projections are Unrealistic and Process to Determine Cash in Bank/Cash Flow is informal

- Revenue Anticipation Note was Assumed to be Available in November. However, the proceeds may not be available until December (at the earliest). This leaves November vulnerable to ensuring payroll obligations are able to be met.
- Property Taxes may not be paid until December; however, bills are to be mailed the first week of November.
- Much of the information related to cash in the bank is done through email and is not formalized in a central system.

Issue #5: South Central Wastewater Authority Lawsuit

Key Activities

- Attend the hearing and share our good faith commitment.
- Work with VRA, Bond Counsel and Davenport to develop a solution.

Issue #6: Capital Projects and Capital Budgeting are Unrealistic

- The prime issue is that the City is obligated to paying the debt service on these bonds but has not yet drawn down the funds.
- In 2015, the City issued bonds through the Virginia Resource Authority's bond pool.
- To date, $4.7M of projects have not begun and $6.8M of bond proceeds have not been accessed.

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PRELIMINARY

Issues identified in Week 1 (3 of 4)

Issue #7: 10% Pay Reduction for City Employees and Mass Exodus of Employees

As part of the budget reduction this summer, the City cut 10% pay across the board. This has resulted in 146 resignations and to date this fiscal year almost $200K in leave payouts.

Key Activities

- Develop a path to restore the 10%.
- Communicate our commitment to staff
- Evaluate pay scales—especially department heads.
- Determine critical positions to hire.
- Make an analysis of consolidation of services and positions.

Issue 8: Use of restricted funds for General Fund purposes.

The City has historically used special revenue funds and enterprise funds to pay General Fund obligations.

Key Activities

- Develop a plan to separate the funds, including separate bank accounts, separate codes, etc.
- Determine how to handle federal and state grant funds management.
- Ensure cross training for grant fund draw-down out of Finance.

Issue 9: FY 15 CAFR found NO material issues; FY 16 has not started

The FY 15 CAFR did not find any material issues with the fiscal controls and accounting practices of the City. Additionally, a part-time/seasonal employee was hired by the City to conduct several journal entries to "get the books ready for the auditors." It was later discovered that she was a former employee of the audited firm responsible for the City's CAFR.

Key Activities

- Develop a plan to get the FY 16 CAFR done. One idea is to reach out to the auditor of public accounts for assistance.
- Review the management letter from the past audits to ensure that all identified is followed up on.
- Cancel the contract with the current auditors.
- Issue RFP for the City's CAFR/Auditing responsibilities.

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PRELIMINARY

Issues identified in Week 1 (4 of 4)

Issue 10: No full-time finance staff/Lack of Financial Policies

- The Finance Director was fired last spring along with the City Manager. The Assistant Finance Director became Acting Finance Director and resigned effective Oct. 22. In addition, there was no succession planning nor was there an appropriate and professional handoff of passwords, responsibilities, etc.
- The Accounts Payable process is loose and lacks control and diligence. Several changes to the process have occurred that removes the use of the system to control the invoices to be paid and checks to be cashed. It is unclear how many invoices are not accounted for in the system.

Issue 11: Potential fraudulent activity

In the brief time spent being brought up to speed on City activities, it is apparent there has been significant negligence that may go beyond just the right to terminate an employee.

Key Activities

- Review emails/documents to trace any suspicious or fraudulent acts.

Issue 12: Decentralization of traditional finance responsibilities with the elected Treasurer and elected Commissioner of Revenue and unclear division of responsibilities/accountability

The Commissioner of Revenue is responsible for the billing function of the City while the City Treasurer is responsible for the collection of funds, printing of checks, and management of cash. The Finance Department is responsible to keep the City's books and develop and appropriate City budget.

Key Activities

- Flow the process of all three.
- Make recommendations for process improvement and clear division and/or consolidation of responsibilities.

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RBG Plan of Entry

- Priority One is restructuring financial operations:
  - *Balancing and keeping current budget balance*
  - *Budget Policies and Monitoring/Reporting transparency*
  - *Financial Reporting/ Accounting Practices/Internal Auditing*
  - *Revenue Collections and billings*
- Define a Strategy for short term borrowing and securing funding to restructure the long term deficit
- Create a Staffing Plan and develop a Leadership Recruitment Plan
- Establish leading policies, practices and procedures for each department

Transparency

- Data Collection
- FTA Review of Petersburg Area Transit
- Documents Requested
- Meetings held Week 1 (10/25/16-10/28/16)

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Data Collection

Documents we have received and are reviewing:

1. Commonwealth Aug 2016 Presentation to the City Council
2. Davenport presentation to Council in August 2016 and in 2012
3. PFM Presentation to Council in August 2016 and their budget recommendations for FY 17
4. Revenue Anticipation Note RFP
5. FY 17 Amended Budget
6. FY 13-FY15 CAFRs and management letters
7. Report from Standard & Poor
8. Debt Analysis and Restructuring Options
9. Cash Flow Summaries
10. Federal Transit Administration FY 2016 Triennial Review (deficiencies below)
11. Banking Services and Auditing Services Contract (obtained via disk on 10/28)
12. Johnson Controls Contract, final completion certificate and bid documents (obtained via disk on 10/28)
13. Procurement Manual, Organization Chart, RFP for Forensic Audit (obtained via disk on 10/28)
14. Virginia State Documents

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FTA Review of Petersburg Area Transit

Background: Triennial review on compliance in 17 areas; deficiencies found in 8 areas. Corrective Action is due by December 5, 2016 for all areas.

Deficiency areas:

1. Lack of financial policies and procedures and excess cash problems
2. Vehicle maintenance plan incomplete or out of date; facility/equipment maintenance program lacking or inadequate
3. ADA complementary paratransit service deficiencies; limits or capacity constraints on ADA complementary paratransit service; and insufficient no-show policy
4. Procurement—repeated deficiency (lacking required cost/price analysis)
5. DBE public participation process deficiencies; unreported transit vehicle purchase; and grantee does not monitor DBE compliance
6. Satisfactory continuing control—repeated deficiency (inventory results not reconciled to equipment records)
7. Planning/program projects (POP Public notice deficiencies)
8. Drug free workplace/drug and alcohol program (drug and/or alcohol program vendors not properly monitored)

On October 20, 2016, FTA assigned Tuba Group to review the city's PAT operations in order to provide Agreed-Upon Procedures (AUP) services to the FTA. The objectives of the AUP are:

- ***To provide information to FTA to determine whether PAT has adequately addressed issues related to disbursing of FTA funds in accordance with FTA requirements;***
- ***Determine if PAT owes interest on Federal funds that had been drawn down and held longer than allowed by FTA guidelines; and***
- ***To verify compliance with FTA matching requirements.***

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Documents Requested (1 of 9)

Control #	Description
16001	Articles of incorporation
16002	Tax exemption documentation
16003	Copy of the minutes of the Council minutes for all meetings held for the year to date.
16004	Copies of any reports issued during the year on operational or financial audit conducted to date. For the last 3 years.
16005	Provide information of any current litigation at year-end plus any litigation arising to date.
16006	Copies of notes and loan agreements
16007	List of significant commitments and contingencies as of year-end and to date (if any)
16008	Copy of all lease agreements
16009	Prepare legal inquiry letters in the format to be provided by us.
16010	Prepare confirmation requests in the format to be provided by us.

THE ROBERTBOBB GROUP LLC

Documents Requested (2 of 9)

Control #	Description
16011	Copy of grant/contract agreements for the year.
16012	List of all related parties, including City Council, Directors and Officers, include contact information - name, telphone number, email etc
16013	Copy of trial balance to date.(Electronic)
16014	Copy of detailed general ledger for the year.(Electronic)
16015	Copy of the budget and a budget versus actual reports for the year end and to date (by line item detail)
16016	Copies of insurance policies.
16017	Copies of Pension Plan/Benefit Plan
16018	Copies of Contracts with Consultants.
16019	List of employees hired and terminated during for the year.
16020	Copy of city charter with the state

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Documents Requested (3 of 9)

Control #	Description
16021	Current Organization Chart
16022	Financial technology documentation
16023	Copy of prior year audited Financial Statements and Tax Returns – Form 990
16024	Provide a listing of all bank accounts, including any closed accounts during the year.
16025	Copy of detailed reconciliation's for all bank accounts (including lists of outstanding checks) at year-end and to date
16026	List of authorized check signors for all cash accounts
16027	Schedule of investments purchased, sold, and held at year-end.
16028	Schedule of investment earnings for the year and to date
16029	Summary schedule of assets by major classifications including beginning balances, additions, disposals, ending balances, and related accumulated depreciation. Also, asset inventroy. Please note, the last time an investory was taken.

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Documents Requested (4 of 9)

Control #	Description
16030	Detailed list of all property and equipment acquired and disposed of during the year by major asset classifications. This list should include the description of item, date acquired/disposed, and value.
16031	Copies of deed/title of land, building and/or other assets acquired and disposed of during the year, including detail of any construction costs.
16032	Documentation supporting the fair value assigned to any donated property, if applicable.
16033	Depreciation Schedule for all plant, equipment and furniture
	Accounts receivable Reports and aging
16034	**Prepaids**
16034	Schedule of prepaid expenses at year-end.
16035	Detailed schedule of accounts payable at year-end
16036	Schedule of accruals at year-end, including payroll, payroll withholding, and taxes payable to date
16037	Schedules for any other liabilities at year-end and to date
16038	Schedule of payment for leases, notes and loans under agreement for each of the next five years to date

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Documents Requested (5 of 9)

Control #	Description
16039	Schedule of disbursements made after year end to date
16040	Details of deferred revenue at year end
16041	Schedule of payments received from the State or Federal Government, and any other sources along with transmittal documentation.
16042	List of Names for Restricted and Unrestricted Grantors
16043	Numbers of the first and last checks written for all bank accounts used during the year and to date
16044	Reconciliation of payroll expenses to the payroll register totals and copies of W2, W3, form 1099's 1098 and 941.
16045	Detailed schedule of Consulting and Professional Fees year end and to date
16046	Disbursement ledger for the year.
16047	List of Vendors and any outstanding balance year end and to date
16048	Documents demonstrating implementation of financial planning and budgeting process aligned with the city's mission and goals.
16049	Documents showing any analysis of debt and operating expenses.

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Documents Requested (6 of 9)

Control #	Description
16050	Documents demonstrating implementation of satisfactory plan for the payment of unpaid federal, state taxes, interest, penalties,
16051	Documents showing completion of efforts to consolidate and refinance the city's term loans – short and long terms
16052	Documents showing the implementation of additional efforts to remediate the City's deficit position, including budget projections and analysis of underlying assumptions for FY 2015, FY 2016 and FY 2017
16053	Copies of any salary studies conducted
16054	History of raises and bonuses provided over the last 5 years, including any adopted policies related to the allocation of raises/bonuses
16055	Healthcare Plan Details (city vs employee contribution; contract with provider including the last time a competitive procurement was conducted; utilization rates, etc.)
16056	Details on "contributions to other community organizations". Are these under an agreement?
16057	Profit and Loss Statement for the Golf Course
16058	Any pro forma and/or long term analysis conducted on the enterprise funds: Golf Course, Public Utility, and Transit Operations?
16059	Copies of any adopted debt and financial reserve policies.
16060	Copy of the Service agreement with the Regional Jail.

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Documents Requested (7 of 9)

Control #	Description
16061	Copies of Rating Agency Credit Reports
16062	Copy of Analysis Conducted by Davenport & Company prior to going to the bond market
16063	Any adopted policies related to Economic Development Incentives. What is the basis for their approval and analysis conducted?
16064	McKinney Scholarships and how they are determined
16065	Timetable to meet all legal requirements necessary to approve budget and tax rate (ie. several public hearing and public notification requirements).
16066	List of all taxes and fees assessed, including the maximum allowed by State.
16067	Procurement authority policies and procedures. What amounts require City Manager approval versus Council approval?
16068	Any analysis conducted on OPEB retirement benefits, both the financial analysis and benefit analysis.
16069	Timetables for all capital projects underway (i.e. list of all capital projects including their status of construction. How many are in pre-bid, post-bid, under construction, etc.
16070	Documentation on policies or procedures related to mid-year budget challenges. Have any hiring or expenditure freezes take place over the last 2-3 fiscal years?
16071	Risk Assessment/Audit of benefit process.
16072	Risk Assessment/Audit of payroll process (including personnel authorized count).

THE ROBERTBOBB GROUP LLC

Documents Requested (8 of 9)

Control #	Description
16073	Review of Information Technology Infrastructure
16074	Analysis and Evaluation of Return on IT investment
16075	Audit of Utilities Bills
16076	Audit of Telecommunication systems including land lines, cell phones and Bring Your Own Device systems
16077	Schedule, Project plan and Status of construction In Progress
16078	Policy and accounting treatment of Bad Debt Provision and Write-off
16079	List of all personnel vacancies for all positions and job descriptions
16080	Council background and minutes

THE ROBERTBOBB GROUP LLC

Documents Requested (9 of 9)

Control #	Description
16081	City Council Documentation
16082	Documents on shared services with school system
16083	Policies and procedures for Procurement and Acquisition
16084	Policies and procedures for Finance and Accounting
16085	Human Resources' Policies and Procedures including hiring and termination.
16086	City clerk documents
16087	Transit Audit Documents

THE ROBERTBOBB GROUP

Meetings Held Week of 10/25 – 10/28

Meeting Subject
Community Meeting
Meetings with Council Members, Mayor and Vice Mayor, Councilman Hill, City Attorney.
Introductory Meetings with Department Directors and staff

APPENDIX J

FORM OF SPECIMEN GENERAL OBLIGATION REVENUE ANTICIPATION NOTE

Unless this Note is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any Note is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED
No. R-1

REGISTERED
$6,500,000

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

CITY OF PETERSBURG

General Obligation Revenue Anticipation Note, Series 2016

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
4.50%	October 1, 2017	December 8, 2016	716298 QJ6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIX MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS

The City of Petersburg, Virginia **(the "City")**, for value received, promises to pay, upon surrender hereof, to the registered owner hereof, or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, subject to prior redemption as hereinafter provided, and to pay interest hereon from its date to maturity at the annual rate stated above, payable on June 1, 2017 and at maturity, calculated on the basis of a 360-day year of twelve 30-day months. Principal and interest are payable in lawful money of the United States of America by UMB Bank N.A., who has been appointed paying agent and registrar for the Notes, or at such bank or trust company as may be appointed as successor paying agent and registrar by the City **(the "Registrar")**.

Notwithstanding any other provision hereof, this Note is subject to a book-entry system maintained by The Depository Trust Company **("DTC")**, and the payment of principal and interest, the providing of notices and other matters shall be made as described in the City's Blanket Letter of Representation to DTC.

This Note is one of an issue of up to $6,500,000 General Obligation Revenue Anticipation Notes, Series 2016, of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity, and is issued pursuant to the Constitution and

statutes of the Commonwealth of Virginia, including the Public Finance Act and the City Charter. This Note is issued pursuant to a resolution adopted by the City Council on November 15, 2016, to finance cash flow needs for the City for the current fiscal year and to pay the costs of issuing the Notes.

This Note is subject to redemption prior to maturity at the option of the City, in whole only at any time on or after June 1, 2017, upon payment of 100% of the principal amount of Notes to be redeemed plus interest accrued and unpaid to the date fixed for redemption. Notes are issued only in authorized denominations of $250,000 and $5,000 increments in excess thereof.

The City shall cause notice of the call for redemption identifying the Notes or portions thereof to be redeemed to be sent by electronic or facsimile transmission, registered or certified mail or overnight express delivery, not less than 15 nor more than 60 days prior to the redemption date, to DTC, or its nominee, as the registered owner of the Notes. If a portion of this Note is called for redemption, a new Note in principal amount of the unredeemed portion hereof shall be issued to the registered owner upon surrender hereof.

The full faith and credit of the City are irrevocably pledged for the payment of principal of and premium, if any, and interest on this Note. Unless other funds are lawfully available and appropriated for timely payment of this Note, the City Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all taxable property within the City sufficient to pay when due the principal of and premium, if any, and interest on this Note. Additionally, the Notes are secured by a pledge of tax revenues anticipated to be collected in the current fiscal year of the City, as provided under Section 15.2-2629 of the Code of Virginia of 1950, as amended. Payments to be applied to principal of and interest on this Note are to be made pursuant to a Trust Agreement dated as of December 1, 2016 (the "Trust Agreement") between the City and UMB Bank, N.A. in accordance with the payment schedule provided therein. Payments under this Note as provided under the Trust Agreement are expected to be paid initially from property tax revenues collected by or on behalf of the City, and additionally from any other unrestricted source of funds available to the City.

The Registrar shall treat the registered owner of this Note as the person exclusively entitled to payment of principal of and premium, if any, and interest on this Note and the exercise of all rights and powers of the owner, except that interest payments shall be made to the person shown as the owner on the registration books on the 15th date of the month preceding each interest payment date.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Note have happened, exist and have been performed, and, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the City of Petersburg, Virginia, has caused this Note to be to be signed by its Mayor or Vice Mayor, its seal to be affixed hereto and attested by its City Clerk, and this Note to be dated the date first above written.

(SEAL)

_____
Mayor, City of Petersburg, Virginia

ATTEST:

_____
City Clerk, City of Petersburg, Virginia

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes described in the within-mentioned Resolution.

REGISTRAR – UMB BANK N.A.

By: _____

DATE OF AUTHENTICATION:
December __, 2016

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

_____

(Please print or type name and address, including postal zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE:

_____

the within bond and all rights thereunder, hereby irrevocably constituting and appointing

_____,

Attorney, to transfer said bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

_____

NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union or Savings Association who is a member of a medallion program approved by The Securities Transfer Association, Inc.

_____

(Signature of Registered Owner)

NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular, without alteration or enlargement or any change whatsoever.

APPENDIX K

CASH FLOW PROJECTIONS PREPARED BY CITY STAFF DATED DECEMBER 2, 2016

Cash Flow Summary - With RAN

RAN Funding Assumed in December 2016

Monthly

	Actual Jul-16	Actual Aug-16	Actual Sep-16	Projected Oct-16	Projected Nov-16	Projected Dec-16	Projected Jan-17	Projected Feb-17	Projected Mar-17	Projected Apr-17	Projected May-17	Projected Jun-17	FY 2018 Projected(2) Projected Jul-17	Projected Aug-17	Projected Sep-17	Projected Oct-17	Projected Nov-17	Projected Dec-17
Beginning Balance	1,698,696	2,997,697	2,658,430	5,530,056	2,280,269	(389,810)	7,362,333	4,899,231	2,289,044	6,176,795	3,374,634	3,043,064	3,669,988	3,414,772	486,496	4,279,448	1,387,650	(924,440)
1 Total Revenues - FY 2017	3,496,909	3,305,160	10,514,721	5,795,207	4,558,935	10,348,317	5,372,455	5,754,420	12,943,515	5,772,111	7,787,587	12,897,199	5,496,909	3,305,160	10,514,721	5,795,207	4,558,935	10,348,317
2 PLUS(MINUS) Adjustment for July-Sept Actual[1]	1,554,217	2,589,009	(921,326)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	0	0	0	0	0	0
3 PLUS RAN	0	0	0	0	0	6,500,000	0	0	0	0	0	0						
4 **Total Cash Flow Receipts**	7,051,126	5,894,169	9,593,395	5,437,218	4,200,946	16,490,329	5,014,466	5,396,431	12,585,527	5,414,122	7,429,598	12,539,210	5,496,909	3,305,160	10,514,721	5,795,207	4,558,935	10,348,317
5 LESS Expenditures	5,752,125	6,233,435	6,721,769	8,687,004	6,871,025	8,138,186	6,803,762	7,332,812	8,023,966	7,542,477	7,087,362	8,640,755	5,752,125	6,233,435	6,721,769	8,687,004	6,871,025	8,138,186
6 LESS Other Payments	0	0	0	0	0	600,000	0	0	0	0	0	0						
7 Less RAN REPAYMENT	0	0	0	0	0	0	673,806	673,806	673,806	673,806	673,806	3,271,531						
8 **Total Cash Flow Expenditures**	5,752,125	6,233,435	6,721,769	8,687,004	6,871,025	8,738,186	7,477,568	8,006,618	8,697,775	8,216,284	7,761,168	11,912,286	5,752,125	6,233,435	6,721,769	8,687,004	6,871,025	8,138,186
9 **Revenues Over (Under) Expenditures**	1,299,001	(339,266)	2,871,626	(3,249,787)	(2,670,079)	7,752,143	(2,463,102)	(2,610,187)	3,887,751	(2,802,161)	(331,570)	626,924	(255,216)	(2,928,276)	3,792,952	(2,891,798)	(2,312,090)	2,210,132
10 **Ending Balance**	2,997,697	2,658,430	5,530,056	2,280,269	(389,810)	7,362,333	4,899,231	2,289,044	6,176,795	3,374,634	3,043,064	3,669,988	3,414,772	486,496	4,279,448	1,387,650	(924,440)	1,285,692

11

12

13 **FY 2017 Annnual Summary Period Ending June 30, 2017**

14	Total
15 **Beginning Balance**	1,698,696
16 Total Revenues - FY 2017	90,546,537
17 PLUS(MINUS) Adjustment for July-Sept Actual	0
18 PLUS RAN	6,500,000
19 **Total Cash Flow Receipts**	97,046,537
20 LESS Expenditures	87,834,682
21 LESS Other Payments	600,000
22 Less RAN REPAYMENT	6,640,563
23 **Total Cash Flow Expenditures**	95,075,244
24 **Revenues Over (Under) Expenditures**	1,971,292
25 **Ending Balance**	3,669,988

Sinking Fund Schedule

		Principal	Interest	Total	Beginning Principal Due	Ending Principal Due	Interest Payment due to Investor	Principal Payment due to Investor
1	1/1/2017	650,000	23,806	673,806	6,500,000	5,850,000		
2	2/1/2017	650,000	23,806	673,806	5,850,000	5,200,000		
3	3/1/2017	650,000	23,806	673,806	5,200,000	4,550,000		
4	4/1/2017	650,000	23,806	673,806	4,550,000	3,900,000		
5	5/1/2017	650,000	23,806	673,806	3,900,000	3,250,000		
6	6/1/2017	650,000	23,806	673,806	3,250,000	2,600,000	140,562.50	
7	7/1/2017	650,000	23,806	673,806	2,600,000	1,950,000		
8	8/1/2017	650,000	23,806	673,806	1,950,000	1,300,000		
9	9/1/2017	650,000	23,806	673,806	1,300,000	650,000		
10	10/1/2017	650,000	23,806	673,806	650,000	0	97,500.00	6,500,000

Source: Based on cash flow data and budget provided by the City of Petersburg, VA.

Property Tax Detail included in Total Revenues (line 1) above

	Actual Jul-16	Actual Aug-16	Actual Sep-16	Projected Oct-16	Projected Nov-16	Projected Dec-16	Projected Jan-17	Projected Feb-17	Projected Mar-17	Projected Apr-17	Projected May-17	Projected Jun-17	FY 2018 Projected(2) Projected Jul-17	Projected Aug-17	Projected Sep-17	Projected Oct-17	Projected Nov-17	Projected Dec-17
Property Taxes-Other Property and PSC Real Estate	10,121	7,629	55,384	40,301	51,731	492,452	204,091	94,674	526,101	107,008	123,082	534,530	10,121	7,629	55,384	40,301	51,731	492,452
Property Taxes-Personal Property	117,230	200,283	83,145	121,701	77,038	89,703	69,815	740,770	870,788	193,845	510,842	2,050,774	117,230	200,283	83,145	121,701	77,038	89,703
Property Taxes-Real Estate	0	0	4,812,378	1,285,654	423,674	4,226,372	572,365	621,341	4,676,287	816,287	1,424,837	3,104,353	0	0	4,812,378	1,285,654	423,674	4,226,372
Total	127,351	207,911	4,950,907	1,447,656	552,443	4,808,526	846,271	1,456,785	6,073,176	1,117,139	2,058,761	5,689,656	127,351	207,911	4,950,907	1,447,656	552,443	4,808,526

(1) Represents difference between actual cash received and projections based on FY 2017 Budget.

(2) First half of FY 2018 assumes no change from Amended FY 2017 Budget. Revenues and Expenditures for this time period assumes exact same cash flows as first half of FY 2017

Cash Flow Supporting Detail

	Revenues	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Grand Total
	100	(3,649,742)	(2,166,881)	(7,762,160)	(4,073,646)	(3,275,240)	(7,237,270)	(3,973,139)	(4,011,993)	(10,138,730)	(3,575,508)	(4,977,839)	(10,093,877)	(64,834,924)
1	Charges for Services	(181,305)	(210,749)	(184,465)	(587,674)	(170,580)	(56,250)	(349,414)	(119,549)	(239,183)	(76,187)	(374,500)	(143,719)	(2,673,596)
2	Fines and forfeitures	(66,537)	(61,382)	(32,295)	(30,093)	(30,269)	(39,488)	(25,169)	(40,187)	(44,137)	(44,773)	(41,528)	(50,548)	(502,387)
3	Miscellaneous Revenue	(688)	(5,777)	(4,058)	(12,397)	(2,668)	(2,878)	(6,006)	(5,409)	(51,284)	(3,477)	(16,301)	(4,788)	(93,215)
4	Other Local Taxes	(791,000)	(848,192)	(738,828)	(849,380)	(587,485)	(728,274)	(987,462)	(1,428,741)	(1,281,624)	(999,028)	(950,006)	(954,985)	(11,194,487)
5	Other Local Taxes-Lodging	(22,758)	(89,237)	(32,666)	(30,877)	(28,578)	(85,748)	(28,712)	(31,128)	(56,173)	(37,841)	(40,357)	(35,954)	(411,225)
6	Other Local Taxes-Meals	(189,069)	(272,232)	(245,954)	(226,779)	(185,511)	(268,278)	(212,464)	(159,108)	(240,160)	(200,302)	(225,575)	(275,065)	(2,709,472)
7	Permits, Fees Licenses	(79,460)	(64,381)	(40,610)	(28,378)	(31,271)	(34,735)	(29,095)	(22,783)	(55,955)	(62,624)	(30,330)	(35,228)	(494,960)
8	Property Taxes-Other/PSC Real Estate	(10,131)	(7,629)	(55,384)	(40,861)	(51,751)	(492,452)	(204,001)	(94,674)	(526,101)	(107,008)	(123,082)	(534,530)	(2,247,104)
9	Property Taxes-Machinery & Tools	(1,319)	(6,242)		(299)				(2,105)	(79,245)	(360)	(35,976)	(1,246,398)	(1,470,836)
10	Property Taxes-Personal Property	(127,230)	(200,283)	(83,145)	(121,701)	(77,638)	(86,703)	(69,815)	(746,770)	(870,785)	(193,849)	(510,842)	(3,050,774)	(5,125,532)
11	Property Taxes-Real Estate			(4,812,378)	(1,285,654)	(423,674)	(4,226,372)	(672,365)	(621,341)	(4,676,287)	(816,287)	(1,424,857)	(8,104,358)	(22,963,547)
12	Recovered Cost	(10,930)	(36,258)	(326)	(1,798)	(1,325)	(27,625)	(6,028)	(5,258)	(10,630)	(10,927)	(15,042)	(18,708)	(151,611)
13	Rev From Use of Money												(15,717)	(15,717)
14	Rev From Use of Property	(10,966)	(19,384)	(16,436)	(11,525)	(16,885)	(16,261)	(23,357)	(12,592)	(19,566)	(13,262)	(24,168)		(184,482)
15	Revenue from Commonwealth	(2,149,579)	(622,626)	(1,366,328)	(453,650)	(1,222,248)	(903,472)	(1,034,228)	(395,568)	(1,190,831)	(684,966)	(684,823)	(1,218,478)	(11,736,769)
16	Revenue from Federal Gov't	0	(250,000)	(329,287)	(362,637)	(338,166)	(329,796)	(435,013)	(336,187)	(316,764)	(324,743)	(530,471)	(306,650)	(3,859,576)
17	212	(878,081)	(18,587)	(1,483,956)	(243,026)	(31,219)	(1,821,712)	(168,244)	(359,085)	(1,352,937)	(893,144)	(1,408,754)	(1,546,371)	(10,206,124)
18	Special Funds - Federal	(811,920)	0		(105,724)	(10,675)	(380,000)	(54,837)	(326,376)	(12,000)	(789,500)		(166,771)	(2,611,253)
19	Special Funds - Local	(10,882)	(9,787)	(154,544)	(65,305)	(13,028)	(165,692)	(11,982)	(22,689)	(16,772)	(23,689)	(1,251,170)	(17,374)	(1,802,536)
20	Special Funds - State	(45,500)	(8,800)	(1,329,422)	(72,497)	(7,521)	(1,316,020)	(101,425)	(10,920)	(1,324,165)	(86,044)	(117,584)	(1,362,277)	(5,792,275)
21	213		0	(14,837)	(62,345)	(20,521)	(23,394)	(78,518)	(45,941)	(185,637)	(94,961)		(70,009)	(596,163)
22	CDBG - Federal		0	(14,837)	(62,345)	(20,521)	(23,394)	(78,518)	(45,941)	(185,637)	(94,961)		(70,009)	(596,163)
23	380	0	0	0	0	0	0	0	0	0	0	0	0	0
24	CIP	0	0	0	0	0	0	0	0	0	0	0	0	0
25	501	(772,753)	(939,922)	(804,658)	(864,000)	(911,000)	(862,810)	(831,000)	(793,000)	(917,000)	(819,000)	(858,000)	(827,000)	(10,200,142)
26	Public Utilities	(772,753)	(939,922)	(804,658)	(864,000)	(911,000)	(862,810)	(831,000)	(793,000)	(917,000)	(819,000)	(858,000)	(827,000)	(10,200,142)
27	502	(122,256)	(112,780)	(94,500)	(94,698)	(94,885)	(94,875)	(94,580)	(94,715)	(94,902)	(94,903)	(94,821)	(94,012)	(1,181,966)
28	Public Utilities - Stormwater	(122,256)	(112,780)	(94,500)	(94,698)	(94,885)	(94,875)	(94,580)	(94,715)	(94,902)	(94,903)	(94,821)	(94,012)	(1,181,966)
29	550	(14,567)		(193,689)	(136,655)	(42,930)	(32,140)	(12,115)	(30,174)	(98,384)	(80,622)	(122,486)	(92,729)	(856,471)
30	Municipal Golf Course	(14,567)		(193,689)	(136,655)	(42,930)	(32,140)	(12,115)	(30,174)	(98,384)	(80,622)	(122,486)	(92,729)	(856,471)
31	555	(13,411)	(12,288)											(25,699)
32	Petersburg Generalk	(13,411)	(12,288)											(25,699)
33	575	(46,079)	(54,603)	(160,911)	(121,437)	(283,140)	(276,117)	(214,858)	(428,623)	(155,927)	(213,974)	(325,688)	(173,701)	(2,645,047)
34	Mass Trainsit - State		0	(3,042)	(12,846)	(138,918)	(44,007)	(4,204)	(124,576)	(2,772)	(11,111)	(125,086)	(8,171)	(473,740)
35	Mass Transit - Local	(46,079)	(54,603)	(157,864)	(40,043)	(33,484)	(40,949)	(84,465)	(48,568)	(48,794)	(44,868)	(46,563)	(47,280)	(683,099)
36	Mass Transit - Federal	0			(267,546)	(110,738)	(191,561)	(126,249)	(250,499)	(109,361)	(157,995)	(154,039)	(120,250)	(1,588,208)
37	Grand Total	(5,846,904)	(3,305,160)	(10,514,723)	(5,795,207)	(4,554,936)	(10,346,317)	(5,372,465)	(5,754,420)	(12,483,515)	(5,777,111)	(7,792,583)	(12,887,198)	(90,585,537)

38 Revenues shown as credits (negative figures)

39

40

	Expenditures	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Grand Total
42	Anthem BC/BS	486,304	479,667	474,476	474,000	474,000	474,000	474,000	474,000	474,000	474,000	474,000	474,000	5,706,447
43	Appomattox River Water (Quarterly Payments)				365,907		365,907			365,907			365,907	1,463,629
44	Central VA Waste Mgmt Authority	0	164,838	122,381	125,793	125,793	125,793	125,793	125,793	125,793	125,793	125,793	205,793	1,499,349
45	Crater Youth Care		0	0	42,744	42,744	42,744	42,744	42,744	42,744	42,744	42,744	170,977	512,932
46	Debt\Lease Payment	319,634	227,546	783,687	1,699,979	144,488	977,435	228,910	476,428	570,658	962,626	140,510	501,303	7,022,154
47	Dominion Virginia Power	0	109,769	125,487	127,401	127,401	127,401	127,401	127,401	127,401	127,401	127,401	127,401	1,381,861
48	Misc AP	92,987	48,245	132,250	244,400	196,615	344,996	196,615	196,615	196,615	196,615	196,615	299,377	2,235,347
49	Office Rent	22,912	23,492	23,492	21,712	22,912	22,912	22,912	22,912	22,912	22,912	22,912	22,912	274,905
50	Other Operational Expenditures	10,854	1,440,564	1,182,708	713,777	713,777	713,777	713,777	713,777	713,777	713,777	713,777	818,898	9,163,736
51	Other Utility Payments	11,229	17,201	46,892	66,883	66,883	66,883	66,883	66,883	66,883	66,883	66,883	66,883	675,869
52	Payroll	2,836,966	2,445,657	2,100,000	2,067,778	2,067,778	2,067,778	2,067,778	2,067,778	2,067,778	2,067,778	2,067,778	2,067,778	25,992,624
53	Petersburg Health Department			0		140,552	140,552			140,552			140,552	562,206
54	Petersburg Public Schools Appropriations	810,000	250,000	875,000	846,000	846,000	846,000	846,000	846,000	846,000	846,000	846,000	846,000	9,549,000
55	Petersburg Social Services - Welfare Payments	705,276	698,576	521,367	675,845	675,845	675,845	675,845	675,845	675,845	675,845	675,845	675,845	8,007,827
56	Riverside Regional Jail	273,120	0	0	276,532	276,531	276,531	276,531	553,063	276,531	276,531	276,531	553,063	3,314,966
57	VACORP	66,514	214,000	177,579	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	1,366,846
58	VRS	116,330	113,787	237,000	468,932	468,932	468,932	468,932	468,932	468,932	468,932	468,932	468,932	4,667,508
59	South Central Wastewater Authority	0	0	0	367,881	373,134	353,080	367,000	367,000	734,000	367,000	734,000	734,000	4,436,875
60	Grand Total	5,752,225	6,233,435	6,721,769	8,687,004	6,671,025	6,139,196	6,804,762	7,332,612	8,023,969	7,541,477	7,087,362	8,640,755	67,834,682

61 Expenditures shown as debits (positive figures)

Source: City of Petersburg, VA

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Version 01/13/2014 RK | DR

APPENDIX L

UPDATED CITY OF PETERSBURG EMERGENCY FINANCIAL AND OPERATIONAL RESTRUCTURING PRESENTATION BY THE ROBERT BOBB GROUP, LLC DATED NOVEMBER 15, 2016

THE ROBERTBOBB GROUP LLC

City of Petersburg Emergency Financial & Operational Restructuring

Presentation to Petersburg City Council

The Robert Bobb Group, LLC

November 15, 2016

THE ROBERTBOBB GROUP LLC

Agenda

- Background & Reminder
- RBG Plan to Attack Immediate Fiscal Crisis
  - Our Plan to Make Payroll
  - Our Plan for Short Term Liquidity
  - Our Plan for Long Term Fiscal Stability
- Urgent Action Needed from Council
  - **Resolution 1: Utilize $1.3M capitalized interest & Defer $6.6M in VRA Project Funds**
    - Step 1: This enables Payroll for November 18 & Dec 2 – **our immediate Priority**
    - Step 2: This allows a court order receiver for SCWA to be dismissed
    - Step 3: Deferring project funds will support long term fiscal stability
  - **Resolution 2: Approve the $6.5M RAN to provide short term fund relief**
    - Step 1: This enables the City to pay back the SCWA $1.3M by December 15th
    - Step 2: This enables remainder of 2016 Payroll and critical services for FY2017
- Key Problems & RBG Action Steps
  - Using General Funds Wrong
  - Losing out on State Reimbursement
- Transparency
  - Proposed list of deferred projects to save $6.6M

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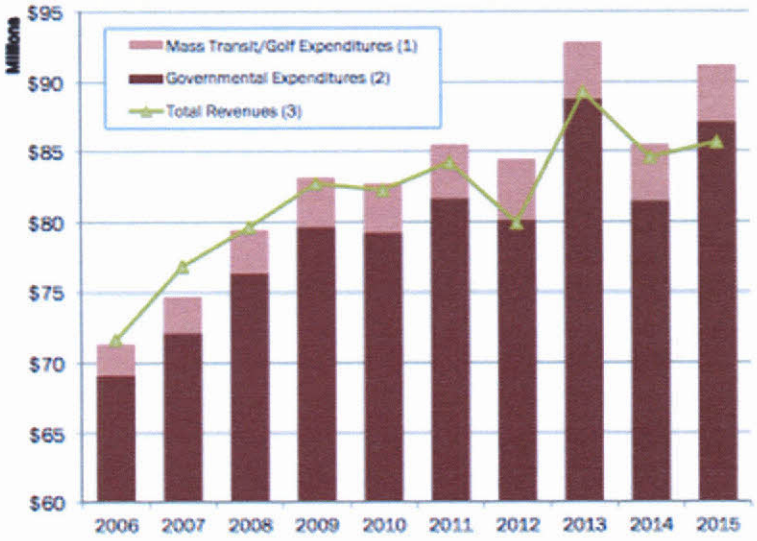
Background & Reminder

Governmental, Mass Transit and Golf Funds

Fiscal Year	Expenditures Mass Transit/Golf (1)	Expenditures Governmental (2)	Total Revenues (3)	Surplus (Deficit)
2006	2,207,103	69,117,310	71,635,381	310,968
2007	2,500,457	72,158,936	76,829,525	2,170,132
2008	3,049,122	76,375,348	79,596,926	172,456
2009	3,460,204	79,668,879	82,692,844	(436,239)
2010	3,505,975	79,214,494	82,239,230	(481,239)
2011	3,834,946	81,657,871	84,186,793	(1,306,024)
2012	4,299,727	80,140,067	79,878,828	(4,560,966)
2013	4,032,005	88,798,157	89,238,273	(3,591,889)
2014	4,025,575	81,483,802	84,553,700	(955,677)
2015	4,107,319	87,076,939	85,653,894	(5,530,364)

The City began its deficit in 2009 and continued it to the current fiscal year

Revenues vs Expenditures (Govermental, Mass Transit/Golf Funds)



(1) Net of Depreciation
(2) Excludes Capital Projects Fund
(3) Includes Net Other Financing Sources (Uses) for the General and NonMajor Governmental Funds and Net Non-Operating Revenue for the Mass Transit and Golf Funds.

Source: City CAFRs

DAVENPORT & COMPANY

August 3, 2016

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Source: Background/Summary of Davenport's 2012 Financial Review & Preliminary Plan(s) of Finance, Presentation to the City of Petersburg, VA City Council, August 3, 2016

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Background & Reminder

City of Petersburg, VA

Cash Flow Summary - With RAN

RAN Funding Assumed in December 2016
Monthly

	Actual Jul-16	Actual Aug-16	Actual Sep-16	Projected Oct-16	Projected Nov-16	Projected Dec-16	Projected Jan-17	Projected Feb-17	Projected Mar-17	Projected Apr-17	Projected May-17	Projected Jun-17	Total
Beginning Balance	**1,698,696**	**2,997,697**	**2,658,430**	**5,530,056**	**2,280,269**	**(389,810)**	**7,362,333**	**4,900,287**	**2,291,156**	**6,179,964**	**3,378,859**	**3,048,345**	
Total Revenues - FY 2017	5,496,909	3,305,160	10,514,721	5,795,207	4,558,935	10,348,317	5,372,455	5,754,420	12,943,515	5,772,111	7,787,587	12,897,199	90,546,537
PLUS(MINUS) Adjustment for July-Sept Actual(1)	1,554,217	2,589,009	(921,326)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	(357,989)	0
PLUS RAN	0	0	0	0	0	6,500,000	0	0	0	0	0	0	6,500,000
Total Cash Flow Receipts	**7,051,126**	**5,894,169**	**9,593,395**	**5,437,218**	**4,200,946**	**16,490,329**	**5,014,466**	**5,396,431**	**12,585,527**	**5,414,122**	**7,429,598**	**12,539,210**	**97,046,537**
LESS Expenditures	5,752,125	6,233,435	6,721,769	8,687,004	6,871,[illegible]	8,138,186	6,803,762	7,332,812	8,023,969	7,542,477	7,087,362	8,640,755	87,834,682
LESS Other Payments	0	0	0	0	0	600,000	0	0	0	0	0	0	600,000
Less RAN REPAYMENT	0	0	0	0	0	0	672,750	672,750	672,750	672,750	672,750	3,272,750	6,636,500
Total Cash Flow Expenditures	**5,752,125**	**6,233,435**	**6,721,769**	**8,687,004**	**6,871,025**	**8,738,186**	**7,476,512**	**8,005,562**	**8,696,719**	**8,215,227**	**7,760,112**	**11,913,505**	**95,071,182**
Revenues Over (Under) Expenditures	**1,299,001**	**(339,266)**	**2,871,626**	**(3,249,787)**	**(2,670,079)**	**7,752,143**	**(2,462,046)**	**(2,609,131)**	**3,888,808**	**(2,801,105)**	**(330,513)**	**625,705**	**1,975,355**
Ending Balance	**2,997,697**	**2,658,430**	**5,530,056**	**2,280,269**	**(389,810)**	**7,362,333**	**4,900,287**	**2,291,156**	**6,179,964**	**3,378,859**	**3,048,345**	**3,674,051**	

Annnual Summary

Beginning Balance	
Total Revenues - FY 2017	
PLUS(MINUS) Adjustment for July-Sept Actu	
PLUS RAN	
Total Cash Flow Receipts	
LESS Expenditures	
LESS Other Payments	
Less RAN REPAYMENT	6,636,500
Total Cash Flow Expenditures	**95,071,182**
Revenues Over (Under) Expenditures	**1,975,355**
Ending Balance	**3,674,051**

This shows the use of the $6.5M Revenue Anticipation Note (RAN) to address the immediate cash flow issues

RAN Payments

					Beg Bal	Ending Bal
1	1/1/2017	650,000	22,750	672,750	6,500,000	5,850,000
2	2/1/2017	650,000	22,750	672,750	5,850,000	5,200,000
3	3/1/2017	650,000	22,750	672,750	5,200,000	4,550,000
4	4/1/2017	650,000	22,750	672,750	4,550,000	3,900,000
5	5/1/2017	650,000	22,750	672,750	3,900,000	3,250,000
6	6/1/2017	650,000	22,750	672,750	3,250,000	2,600,000
7	7/1/2017	650,000	22,750	672,750	2,600,000	1,950,000
8	8/1/2017	650,000	22,750	672,750	1,950,000	1,300,000
9	9/1/2017	650,000	22,750	672,750	1,300,000	650,000
10	10/1/2017	650,000	22,750	672,750	650,000	0

(1) Represents difference between actual cash received and projections based on FY 2017 Budget.

Source: Based on cash flow data and budget provided by the City of Petersburg, VA

Prepared by: Davenport & Company LLC 1 11/2/2016 - 16:41

Data provided by Davenport & Co to RBG on November 2, 2016

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Short Term Before Long Term

Short Term Fiscal Stability – Sequence of Activities

1. **SCWA Lawsuit Dismissal**

   The City's key partners enabled a successful resolution to the City's most significant lawsuit. This lawsuit dismissal paves the way for immediate funds access to make payroll and obtain the $6.5M RAN.

2. **Immediately Utilize $1.3M VRA capitalized interest**

   With Council's resolution approval, the City can use $1.3M in VRA capitalized interest to make Payroll on November 18th and December 2nd.

3. **Make Payroll for November 18th and December 2nd**

   Making Payroll is our immediate and top priority. Through working with VRA and the Council's resolution, the City can now make Payroll on November 18th and December 2nd.

4. **Obtain $6.5M Revenue Anticipation Note to pay SCWA by 12/15 and other critical services**

   The $6.5M RAN will pay back the SCWA $1.3M by December 15, 2016, ensure Payroll thru remainder 2016, and ensure payment for critical projects and services currently underway in FY17.

5. **Set Up Platform for Long Term Fiscal Stability**

   Establish a sustainable, and long term financial operating platform that has financial controls to ensure compliance and proactive planning.

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RBG Plan to Make Payroll

Take Immediate Action to Address Payroll Crisis

SCWA Lawsuit Dismissal Clears Path for Funds

- The SCWA Lawsuit was the primary obstacle to the City receiving short term financing of $6.5M. **This was the City's most significant litigation case.**
- This dismissal enables the City to immediately utilize $1.3M in capitalized interest accruing from unused Virginia Resource Authority (VRA) funds.
- **As of 11/18/16, after we have made our November debt payment, payment to key vendors, including $427,500 to Schools, and Payroll, we will have $78,000 remaining balance assuming no other revenues are received by the city.**
- **This enables Payroll for November 18 & Dec 2 – our immediate Priority.**
- **Our Key Partners helped make this happen:** *Governor's Office, VA Secretary of Finance, Deputy Chief of Staff, Deputy General Counsel, VRA Executive Director, Davenport & Company, Sands Anderson PC, SCWA Chairman*

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RBG Plan for Short Term Liquidity

Utilize the $6.5M RAN to Stabilize Immediate Cash Flow

Short Term Liquidity Plan

- By achieving the SCWA lawsuit dismissal, the City can proceed with obtaining the **$6.5M** Revenue Anticipation Note (RAN)
- **$1.3M** of the RAN will go toward paying the SCWA by December 15, 2016
- Then we ensure Payroll for remainder 2016
- Pay for critical services such as:
  - Emergency communication system
  - Critical maintenance and utility bills
  - VRA payments for line of duty pay
  - Federal and State funded services that have not been paid for
  - Expenditures that have already been executed for current FY17
- Note: In January 2017, we will conduct a budget to actuals analysis on the current budget to determine if any budget revision should be made

This is not a Green Light to Spend!

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RBG Plan for Long Term Stability

Create a Sustainable Financial Operating Platform

Long Term Financial Stability

- Establish a sustainable, and long term financial operating platform that has financial controls to ensure compliance and proactive planning.
- Provide for a long-term financial solution that will potentially repay a significant portion, if not all, of the City's +/-$18M in outstanding payables.
- Work with our creditors to pay back our invoices.
- In addition to the FY 2017 budget actions, create a cash flow opportunity to establish financial reserves.
- Restore the City's credit ratings and respect in the credit markets. **RBG presented our plan to Standard & Poor on 11/14/16.**
- Developing realistic budgets that incorporates increased debt service requirements, needs for cash reserves, while maintaining essential services.

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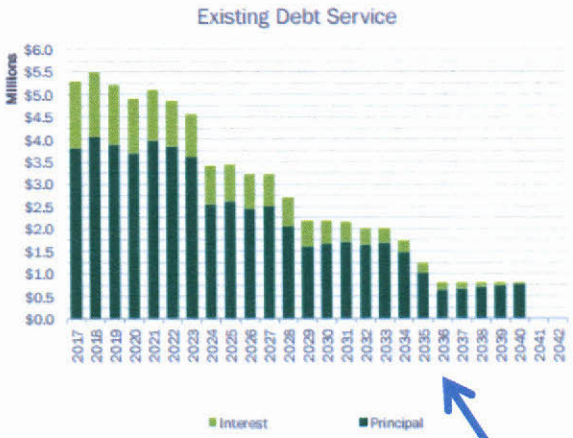
Debt Repayment Schedule

Existing Debt Service – General/Golf Funds



- The City has $53.3 million in General/Golf Fund Supported G.O. Debt and Lease Obligations outstanding.
- Annual payments are currently in excess of $5.2 million.

	Existing General/Golf Fund Debt Service		
	Principal	Interest	Total
Totals	53,329,406	15,535,555	68,864,961
FY			
2017	3,797,330	1,495,788	5,293,118
2018	4,074,508	1,412,235	5,486,743
2019	3,889,524	1,322,115	5,211,640
2020	3,685,937	1,231,811	4,917,748
2021	3,966,954	1,132,736	5,099,690
2022	3,840,348	1,030,052	4,870,400
2023	3,614,196	940,536	4,554,732
2024	2,546,298	871,870	3,418,168
2025	2,613,477	817,128	3,430,605
2026	2,451,321	759,718	3,211,039
2027	2,514,856	699,463	3,214,319
2028	2,059,109	636,698	2,695,807
2029	1,605,886	576,581	2,182,467
2030	1,651,606	531,403	2,183,008
2031	1,697,347	451,688	2,149,034
2032	1,640,208	367,632	2,007,840
2033	1,687,000	314,364	2,001,364
2034	1,458,500	258,161	1,716,661
2035	1,015,000	205,851	1,220,851
2036	640,000	166,178	806,178
2037	665,000	132,700	797,700
2038	705,000	97,740	802,740
2039	735,000	60,819	795,819
2040	775,000	22,289	797,289
2041	0	0	0
2042	0	0	0

This shows the City's repayment schedule is high initially for current debt. A key part of the restructuring would be to lower debt service payments in the near term.

Source: Discussion Materials, Potential Long-term Financial Solution, Davenport & Co, November 15, 2016

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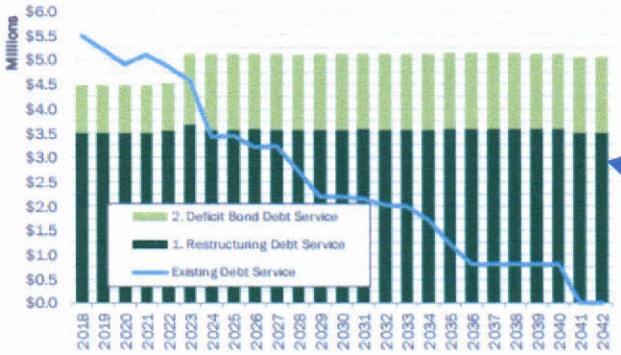
Long Term Financial Approach

Potential Long-term Financial Solution

- A potential long-term financial solution may incorporate the following two components:
  1. Restructuring of selected General Fund and/or Utility debt in order to create cash flow relief; and
  2. Permanent Deficit Bond financing of upward of $18.8 million of outstanding payables.
- Preliminary results[1] of the Restructuring/Deficit Bonds are shown below:
  - Debt Service cash flow relief (from current budgeted levels) over the next five years; and
  - Sustainable long-term debt service approximating $5.1 million.

Revised Debt Service
General/Golf Funds Impact



- VRA (currently a bond holder of the City's G.O. and Revenue Bond debt) has indicated that they are willing to discuss a potential long-term financial solution.
- Initial feedback from VRA involves first applying any unspent acquisition (i.e. bond) funds toward, capitalized interest reimbursement, FY 2017 projects and future VRA debt service owed by the City.
  - Approximately $1.3 million of capitalized interest can be reimbursed to the City for operational cash flow needs;
  - An additional $914,000 can be reserved for FY 2017 projects;
  - The balance of $5.3 million related to deferred projects is to be direct toward future debt service and/or debt reduction.
- After resolution of the unspent acquisition funds above, opportunities for implementing a potential long-term financial solution may be further explored with VRA and/or other alternative funding sources.

(1) Preliminary, subject to change with market conditions.

This approach creates flexibility to build up the General Fund balance and city cash reserves.

DAVENPORT & COMPANY

November 15, 2016

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Source: Discussion Materials, Potential Long-term Financial Solution, Davenport & Co, November 15, 2016

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Capital Projects & Bond Funding

RBG reviewed Virginia Resources Authority (VRA) bonds already issued – yet unspent:

- Approximately **$16.1M** of bonds were issued over 2013, and 2014, and 2015 and only **$4.8M was spent**
- A review of the remaining **$11.3M of unspent bond proceeds** occurred and the following is our recommendation:

Of the **$11.3M** of unspent proceeds, RBG recommends continuing with the **$3.7M** worth of already identified projects due to **community engagement, availability of bond funding, and criticality of projects.**

Note: Budget Actuals in January 2017 may require adjustments to current budget.

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RBG Recommendation for $11.3M

1. **$1.0M from 2015 bonds for utility projects**
2. **$2.7M from 2014 bonds for:**
   - Hustings Court Tower Repair
   - District Court
   - Circuit Court
   - Farmer's Market
   - Commonwealth Attorney Building Roof
   - Gateway 52
   - Funds for Police Move

$3.7M funding for projects already identified

+

1. **RBG recommends redirecting $1.0M from unspent proceeds to the following:**
   - South Side Depot Restoration
   - New Ambulance
   - Jeb Stuart School Boiler Replacement
   - Technology Assessment for Financial Operating Platform

$1.0M redirecting funding

RBG recommends deferring $6.6M

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RBG recommends deferring $6.6M

- The $6.6M deferral of capital projects is critical to the short and long term strategy to deal with the proportionately large outstanding balance relative to budget.
- RBG recommends:
  - **Defer $6.6M of capital projects that include some of the following. Sample list of projects includes:**
    - Various utility upgrades, including upgrades to the Poor Creek Main and Lines and Water Tank Upgrades, Museum and Golf Course Upgrades, City Hall Replacement, Other City Facility Upgrades/Maintenance

The full list of deferred capital projects is in the Transparency section.

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Action Needed from Council

<u>Resolution 1:</u> Request Council to defer $6.6M of projects currently assigned to VRA bond funds

- City has not drawn down three series of bonds in 2013, 2014, 2015
- Request Council to defer $6.6M of projects currently assigned to VRA bond funds
- Funds accumulating $1.3M interest
- Request Council to allocate the accruing interest of $1.3M interest to ensure November 18th and December 2nd payroll

Without Council Action on the capitalized interest drawdown from VRA, we cannot ensure payroll in November and first paycheck in December.

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Action Needed from Council

<u>Resolution 2:</u> Request the $6.5M RAN to provide short term fund relief

- This enables the City to pay back the SCWA $1.3M by December 15th
- This enables remainder of 2016 Payroll and critical services for FY2017

Note: this will be paid back in full by Oct. 2017

December Payroll will be paid for out of the RAN and real estate tax collections.

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Key Problems & RBG Action Steps

1. City has been under spending freeze for the last two years – **yet we continue to spend**
2. The City needs a **strong requisition process** to control spending before it happens. Today, we control spending after it happens (e.g., "checks in the drawer").
3. Financial controls do not consistently exist: **we control spending after disbursement**

RBG ACTION STEP: Top to Bottom Procurement Process Redesign

1. **Provide Project Justification & Estimate**
2. **Lock In Project Funding Source**
3. **Determine Procurement Path**

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Key Problems & RBG Action Steps

- **Using the Wrong Project Funding Source to Pay for VRA Projects**
  - General Funds have been used as a safety net even when Virginia state funds are available
  - **IMPACT:** inefficient use of funding sources, no true up of costs, General Fund depleted with ad hoc bill paying

- **VDOT Funding**
  - Not properly accounting for Council Action on VDOT funded projects that require City match (we have overcommitted)
  - **IMPACT:** City's General Fund is paying for large ticket projects that are not part of the budget or funding plan

RBG ACTION STEP: Recover State Funds

1. **Identify projects which were under reimbursed by State**
2. **Determine feasibility of recovering state funds**
3. **Petition state to reimburse funds based on revised costs**

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RBG Key Actions (1 of 2)

1. **Museum Update**
   - The city negotiated a pilot agreement for the management and operations city owned museums to re-open **Blandford Church and the Center Hill Museum during the 2016 Holiday season.**
   - **Recommendation:** Staff recommends that City Council appoint a 7 member Board of Directors consisting of representatives from a defined list of local and regional organizations.
2. **Budget Appropriation**
   - Council approved an FY17 budget and then made significant changes based on the 9/6 PFM report that were not put into the system; Department leaders and the general public lack visibility
   - **Note: RBG does not consider the budget realistic and that certain savings will not be realized. Furthermore, budget cuts are not connected to basic city needs, e.g., Dept of Social Services, vehicle maintenance**
   - **RBG Action:** Request Council to approved and appropriated amended FY17 Budget and publish online

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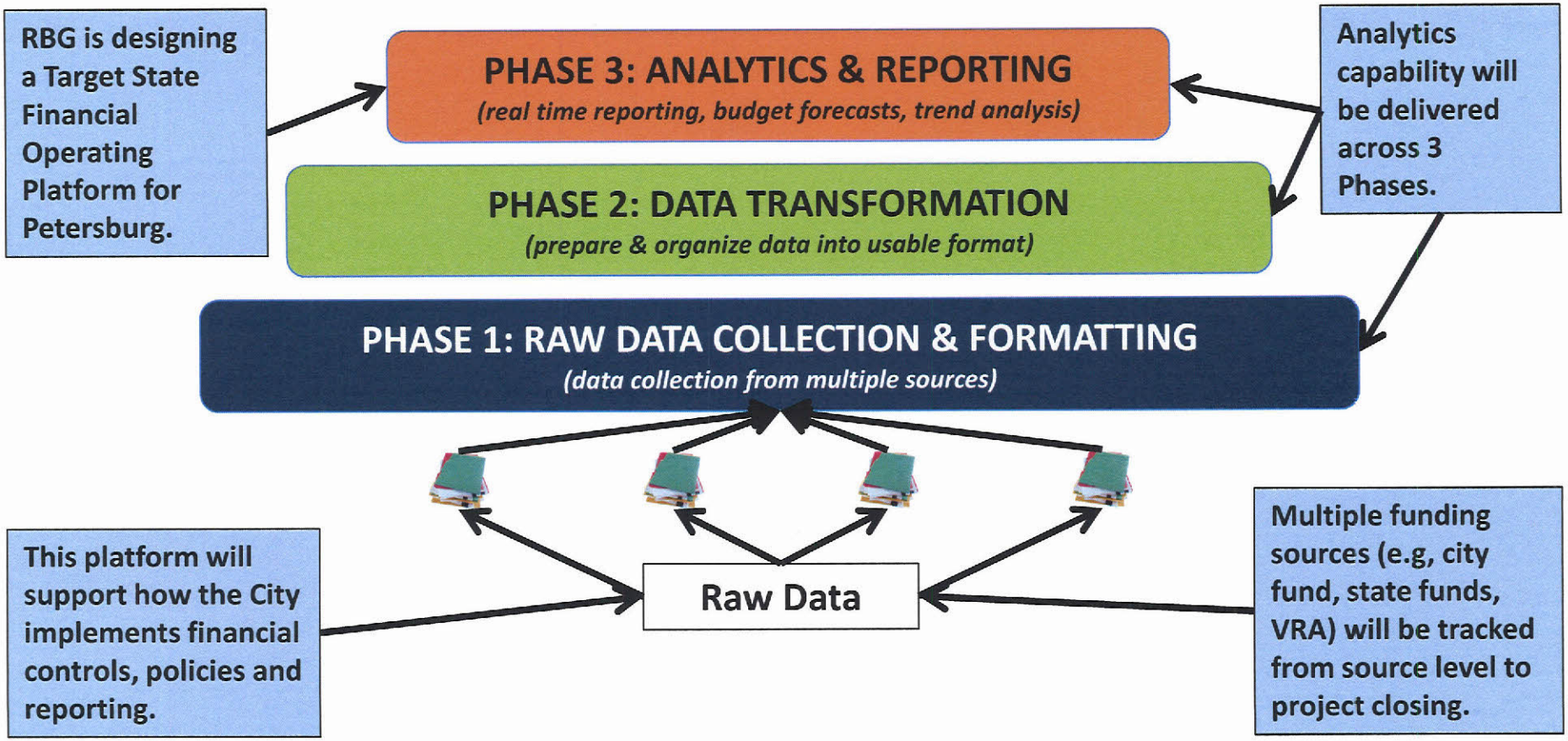
RBG Key Actions (2 of 2)

3. **Outsourcing Fiscal Operations**
   - Stabilize the Finance Department: need a director and team that understand business processes
   - RBG is actively exploring outsourcing of finance team operations to a 3rd party.
4. **City vs. State Matching Funding**
   - RBG identified 19 projects, ***however only 8 were identified in the budget. RBG determined which needed city vs. state matching funding.***
5. **Overhaul purchase process for long term stability**
   - Map current finance process flows
   - Design target state finance process flows

PRELIMINARY

Technology for Long Term Stability

The city's transformation toward financial accountability and transparency requires development of a stable operating platform.



Our goal is to leave behind a system of checks and balances that will enable city leaders to avoid budget and invoices payment issues that led to this crisis.

Transparency

- Full List of Deferred Projects
- 5 Month Plan
- RBG Plan of Entry
- Issues Identified

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Full List of Deferred Projects

Projects to be Deferred			
Project Name	**Allotted Budget**	**Budget Spend**	**Projects to be Deferred**
Poor Creek - 24" Line Replacement	$1,793,000.00	$98,227.15	$1,694,772.85
Equipment	$275,000.00	$67,045.00	$207,955.00
Poor Creek - Force Main	$1,800,000.00	$0.00	$1,800,000.00
Public Works Facility	$450,000.00	$70,000.00	$380,000.00
Brickhouse Run Sewer Line	$250,000.00	$0.00	$250,000.00
Tank Assessment Program	$1,875,000.00	$500,000.00	$1,375,000.00
Contingency	$23,124.41	$0.00	$23,124.41
Museums	$90,139.29	$57,983.27	$32,156.02
City Hall	$729,050.00	$664,883.81	$64,166.19
Golf Course Improvements	$148,000.00	$20,578.40	$127,421.60
Sheriff Facility Improvements	$192,500.00	$0.00	$192,500.00
Parking Area Replacement	$187,900.00	$153,745.65	$34,154.35
Jail Farm	$45,000.00	$0.00	$45,000.00
Health Dept Roof Repair	$89,000.00	$0.00	$89,000.00
Blandford Cemetary	$30,000.00	$0.00	$30,000.00
Dogwood Tract Parking Lot	$145,000.00	$86,597.88	$58,402.12
School Buses	$529,528.00	$523,278.00	$6,250.00
Seige Museum HVAC	$500,000.00	$44,613.29	$455,386.71
COR Carpet Replacement	$8,000.00	$5,750.00	$2,250.00
Station 4 Roof Replacement	$50,000.00	$49,220.00	$780.00
Sycamore St. Bathroom Addition	$84,961.00	$70,168.21	$14,792.79
Recreation Center Design & Permits	$50,000.00	$47,500.00	$2,500.00
Seige Museum Repair	$515,000.00	$61,618.77	$453,381.23
Union Station Roof Repair	$45,000.00	$44,050.00	$950.00
Magistrate Relocation	$43,850.00	$26,882.99	$16,967.01
CA Exterior Wall & Cornice	$40,000.00	$39,934.35	$65.65
City Hall Roof Replacement	$37,056.00	$18,880.00	$18,176.00
Hustings Court Roof Replacement	$249,785.00	$217,240.67	$32,544.33
Elevator Replacement	$89,444.00	$89,440.00	$4.00
Outing Pavilion	$50,000.00	$40,150.00	$9,850.00
Cart Path/Parking Lot	$109,414.00	$108,958.42	$455.58
Clubhouse	$759,000.00	$723,416.35	$35,583.65
Local Cost of Issuance	$27,989.00	$22,356.29	$5,632.71
Contingency	$55,385.00	$0.00	$55,385.00
Less Project Overages			-$19,281.88
Total Amounts Deferred			**$7,495,325.32**

Note: Net $6.6M after $900K of critical expenses

Source: VRA Bond Proceeds Analysis Status Update on RAN Financing, November 9, 2016

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TO BE CONTINUOUSLY UPDATED

5 Month Plan

#1 Priority for Month One is a laser focus on financial operations.

Financial Emergency Turnaround – Key Activities

Phase 1: 10/25/16 – 12/2/16	Phase 2: 12/5/16 – 1/27/16	Phase 3: 1/30/16 – 3/31/16

Strategic Theme 1: Short Term Financing

Strategic Theme 2: Long Term Financing and Fiscal Plan

Strategic Theme 3: Technology, Data and Process Platform

Phase 1: 10/25/16 – 12/2/16	Phase 2: 12/5/16 – 1/27/16	Phase 3: 1/30/16 – 3/31/16
1. Finalize list of Outstanding Invoices from FY16 and Prior. 2. Secure Revenue Anticipation Note (RAN). 3. Pay current FY17 obligations with RAN. 4. Develop a long-term financing strategy to deal with the deficit. 5. Validate the FY17 budget, audit cell phone bills and utility bills. 6. Conduct benefits eligibility audit. 7. Conduct document reviews to build on previous work: Report by VA Secretary of Finance, Aug 3, 2016, PFM Report. 8. Identify Capital Funds that can be deferred. 9. Develop Internal/External Communications Plan. 10. Prioritize workforce compensation issues and review salary survey. 11. Appropriate, by Council action, Amended FY 17 budget.	1. Determine the revenue cycle and what billing cycles should change to help cash flows, including state-shared revenues. 2. Provide a budget to actual assessment of FY 17 to Council. 3. Determine critical positions to hire. 4. Issue RFP for the City's CAFR/Auditing responsibilities. 5. Review the city's economic development plan and individual agency plans. 6. Conduct organizational assessment, and identify resource gaps. 7. Conduct business process reviews for financial operations, create standard operating procedures & policies. 8. Start recruiting critical hires. 9. Conduct technology assessment and define a robust and scalable platform. 10. Map process flows for Accounts Payable. 11. Publish a 2018 Budget Calendar that includes CIP.	1. Provide recommendations for upgraded systems/procedures to track cash. 2. Implement long-term financing strategy to deal with the deficit. 3. Make recommendations for process improvement, roles & responsibilities. 4. Establish a long term financial operating platform based on Phase 2's technology assessment. 5. Fill key positions and make recommendations for key positions (e.g., City Manager). 6. Identify additional cost savings and lines of revenue. 7. Implement technologies that enhance financial transparency. 8. Recommend a draft FY18 capital and operating budget. 9. Conduct mid year FY17 budget review 10. Hand off knowledge repository to city & submit our Exit Plan.

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RBG Plan of Entry

- **Priority One is restructuring financial operations:**
  - *Balancing and keeping current budget balanced*
  - *Budget Policies and Monitoring/Reporting transparency*
  - *Financial Reporting/ Accounting Practices/Internal Auditing*
  - *Revenue Collections and billings*
- **Define a Strategy for short term borrowing and securing funding to restructure the long term deficit**
- **Create a Staffing Plan and develop a Leadership Recruitment Plan**
- **Establish leading policies, practices and procedures for each department**

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PRELIMINARY

Issues identified in Week 1 (1 of 4)

Issue #1: +/- $18.0M Deficit from FY 2016 and Prior

- Figure Based on Analysis done by the State NOT the City; City has not maintained Records.
- We observed City has paid invoices from prior years using current year revenues (at least one example of an invoice paid twice from FY 16).

Key Activities

- Update the Analysis to Get a Final List of Outstanding Invoices from FY 16 and Prior
- Develop long-term financing strategy to deal with the deficit
- Communicate to vendors our plan and when they can expect to be paid

Issue #2: +/- $6.0M Invoices Unpaid for FY 2017

- City has not had a strategic approach to handling the growing list of unpaid vendor invoices.
- Current FY that began July 1 has not been kept current and there continues to be a cash flow challenge as there is not enough money in the bank in cash to fulfill the current obligations.

Key Activities

- Secure Revenue Anticipation Note (RAN)
- Communicate to Vendor Community
- Pay all current obligations for FY 17 with the RAN

Issue #3: FY 17 Budget is Unrealistic, Lacks Transparency, and Has Not been appropriated or made available to the public

- Even with the $12.5M reduction from the original budget to the amended budget, there is a lack of accountability and information related to the FY 17 budget to ensure that the City can meet what is planned.
- It appears that cutting employees salaries by 10% and reduction in force was taken over dramatically eliminating services.

Key Activities

- Map the process with the Finance team and Treasurer.
- Optimize how work can be done between the two departments
- Determine who is responsible to determine cash flows (cash versus obligations)
- Determine who is responsible for ensuring enough cash is in the bank to meet obligations.
- Determine the revenue cycle and what billing cycles should change to help cash flows, including state-shared revenues.
- Provide recommendations for upgraded systems/procedures to track cash.

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PRELIMINARY

Issues identified in Week 1 (2 of 4)

Issue #4: Cash Flow Projections are Unrealistic and Process to Determine Cash in Bank/Cash Flow is informal

- Revenue Anticipation Note was Assumed to be Available in November. However, the proceeds may not be available until December (at the earliest). This leaves November vulnerable to ensuring payroll obligations are able to be met.
- Property Taxes may not be paid until December; however, bills are to be mailed the first week of November.
- Much of the information related to cash in the bank is done through email and is not formalized in a central system.

Issue #5: South Central Wastewater Authority Lawsuit

Key Activities

- Attend the hearing and share our good faith commitment.
- Work with VRA, Bond Counsel and Davenport to develop a solution.

Issue #6: Capital Projects and Capital Budgeting are Unrealistic

- The prime issue is that the City is obligated to paying the debt service on these bonds but has not yet drawn down the funds.
- In 2015, the City issued bonds through the Virginia Resource Authority's bond pool.
- To date, $4.7M of projects have not begun and $6.8M of bond proceeds have not been accessed.

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PRELIMINARY

Issues identified in Week 1 (3 of 4)

Issue #7: 10% Pay Reduction for City Employees and Mass Exodus of Employees

As part of the budget reduction this summer, the City cut 10% pay across the board. This has resulted in 146 resignations and to date this fiscal year almost $200K in leave payouts.

Key Activities

- Develop a path to restore the 10%.
- Communicate our commitment to staff
- Evaluate pay scales—especially department heads.
- Determine critical positions to hire.
- Make an analysis of consolidation of services and positions.

Issue 8: Use of restricted funds for General Fund purposes.

The City has historically used special revenue funds and enterprise funds to pay General Fund obligations.

Key Activities

- Develop a plan to separate the funds, including separate bank accounts, separate codes, etc.
- Determine how to handle federal and state grant funds management.
- Ensure cross training for grant fund draw-down out of Finance.

Issue 9: FY 15 CAFR found NO material issues; FY 16 has not started

The FY 15 CAFR did not find any material issues with the fiscal controls and accounting practices of the City. Additionally, a part-time/seasonal employee was hired by the City to conduct several journal entries to "get the books ready for the auditors."

Key Activities

- Develop a plan to get the FY 16 CAFR done. One idea is to reach out to the auditor of public accounts for assistance.
- Review the management letter from the past audits to ensure that all identified is followed up on.
- Review the contract with the current auditors.
- Consider issuing a new RFP for the City's CAFR/Auditing responsibilities.

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PRELIMINARY

Issues identified in Week 1 (4 of 4)

Issue 10: No full-time finance staff/Lack of Financial Policies

- The Finance Director was terminated last spring along with the City Manager. The Assistant Finance Director became Acting Finance Director and resigned effective Oct. 22. In addition, there was no succession planning nor was there an appropriate and professional handoff of passwords, responsibilities, etc.
- The Accounts Payable process is loose and lacks control and diligence. Several changes to the process have occurred that removes the use of the system to control the invoices to be paid and checks to be cashed. It is unclear how many invoices are not accounted for in the system.

Issue 11: Potential fraudulent activity

In the brief time spent being brought up to speed on City activities, it is apparent there has been significant negligence that may go beyond just the right to terminate an employee.

Key Activities

- Review emails/documents to trace any suspicious or fraudulent acts.

Issue 12: Decentralization of traditional finance responsibilities with the elected Treasurer and elected Commissioner of Revenue and unclear division of responsibilities/accountability

The Commissioner of Revenue is responsible for the billing function of the City while the City Treasurer is responsible for the collection of funds, printing of checks, and management of cash. The Finance Department is responsible to keep the City's books and develop and appropriate City budget.

Key Activities

- Flow the process of all three.
- Make recommendations for process improvement and clear division and/or consolidation of responsibilities.

APPENDIX M

RICHMOND TIMES-DISPATCH ARTICLE PUBLISHED NOVEMBER 16, 2016 REGARDING CITY OF PETERSBURG

Bobb on Petersburg: 'There's a lot of work to do'

By K. BURNELL EVANS Richmond Times-Dispatch | Posted: Tuesday, November 15, 2016 10:30 pm

Detroit Schools

Bobb

When a turnaround team of consultants arrived in Petersburg last month to salve the city's financial wounds, they found chaos, dysfunction and heart.

What they didn't find was a viable plan to see the beleaguered administration of increasingly pared-down city services through to the end of November, consultants with the Washington-based Robert Bobb Group told the City Council on Tuesday.

"There's a lot of work to do, a lot of clean-up to do. We're at it every day," said Bobb, a former Richmond city manager and emergency financial manager for Detroit Public Schools. "There are a lot of dedicated people here who are working hard to help us."

The problems remain. Among them: the $78,000 that Bobb estimates will be left in the city's bank account after a debt payment; critical payments to select vendors; a mandatory $427,000 payment to the school system; and Friday's payroll.

That's after a $1.3 million shot in the arm that financial experts working with the administration of Gov. Terry McAuliffe and the Virginia Resources Authority were able to extract from unused bonds dating back to 2013.

And Bobb Group analysts can't say how much of the $18 million backlog in past-due bills that state officials identified over the summer has been resolved. About $10 million in accounts payable bills remain outstanding, but there are many other categories of expenses and "that's only for bills we've received," said Nelsie Birch, Petersburg's deputy interim city manager and acting finance director.

The $1.3 million hasn't been transferred yet. As of Tuesday afternoon, there was more than $1 million in the city's checking account, but "it's more than spoken for," Birch said.

Payroll costs about $1 million every two weeks, she said. The council voted unanimously Tuesday to allow the city manager to make the moves necessary to secure the funding.

The council also authorized acting City Manager Tom Tyrrell to move forward and secure $6.5 million in short-term financing to help the city limp through the end of the year.

Part of that money will go toward a lump-sum payment of $1.2 million due by Dec. 15 to help settle a lawsuit filed against the city by the authority that treats its wastewater.

The South Central Wastewater Authority said in a statement that Petersburg has only made one monthly payment to the organization since the end of May. The city has agreed to address its outstanding balance within two years, according to the statement.

"At the end of the day, we were able to reach an agreement (and) that's the important part," Bobb said. "It's very good news for the city."

Good news has been hard to come by of late for the city of roughly 32,000 a half-hour's drive south of Richmond. Nearly half of Petersburg's children are estimated to live below the federal poverty line, according to U.S. Census data.

Bobb said his group's analysis thus far has uncovered both good and bad news. Among the most disappointing findings: A $92,000 cut made this year to the city's Department of Social Services triggered a loss of $600,000 in state funds needed to help Petersburg's most vulnerable residents.

"We can sell popcorn on the streets to raise that kind of money," he said of the $92,000, adding that his firm had reached out to the state to see whether anything could be done.

The dismissal of the South Central lawsuit clears the board for the city to move forward with short-term solutions that will give his group the time and space to implement long-term plans to move the city forward, Bobb said.

On Tuesday, Petersburg posted its current fiscal year budget online for the first time since the document detailing revenues and expenditures took effect July 1.

Residents weren't the only ones without ready access to basic information about the city's spending.

Birch found that department heads were operating without spending plans revised to address the $12 million in cuts the City Council made in September to balance the budget for the first time in nearly a decade.

She also found that the City Council had voted to approve road projects Petersburg could not afford and that the city's decentralized system of paying for goods and services was such that finance workers hoping to avoid further overspending could not see what resources had been committed until the office received an invoice.

Other projects were included in budgets that the city "did not have an appropriate funding source for," Birch said.

As for reshuffling the bond funds intended for projects but not fully expended, Bobb said the city would have to defer some past priorities, including postponing some utility upgrades such as water tank upgrades and overhauling the Poor Creek sewage main and lines; museum and golf course upgrades; replacing City Hall; and planned work on other city facilities.

"We understand these are some difficult decisions when you have to defer capital projects that maybe the community has been waiting a long term to see move forward," Bobb said.

APPENDIX N

LIST OF PENDING LITIGATION

Case		Date Filed
Branscome, Inc. - $213,638.50		08/29/16
Heaton's Lawn Maintenance - $10,398.25		09/27/16
Petersburg Circuit Law Library		10/28/1

***First Vehicle Services, Inc. v. City of Petersburg, Virginia*, Case No. 3:16-cv-00733**

Filed in the U.S. District Court for the Eastern District of Virginia, Richmond Division on 9/2/2016; Served on 9/6/2916; Amended Complaint filed 9/20/2016; Answer filed 9/27/2016; Motion for Summary Judgement filed November 4, 2016; Response to Motion for Summary Judgement

Case Summary: This lawsuit is a breach of contract action brought by First Vehicle Services, Inc. **("FVS")** against the City of Petersburg upon an August 18, 2014 contract for the provision of fleet maintenance programs to support Petersburg's fire and emergency vehicles. FVS alleges that after a year of performance under the contract, the City defaulted by failing to make timely payments on its monthly invoices. FVS states that the City stopped making all payments effective June 8, 2016, despite continued performance by FVS. Citing these defaults, FVS terminated the agreement effective August 19, 2016, at which point the City was in arrears in the total amount of $1,117,508.52. FVS demands payment of the $1,117,58.52 owed under the contract, as well as prejudgment interest at a rate of 6% on each delinquent invoice (totaling approximately $30,837 as of November 22, 2016) and litigation costs.

Current Status: The Case has been settled by the City with amounts owed being paid over a three month period beginning in January, 2017. An Order of Dismissal is expected to be filed within the next week.

Open and pending litigation handled by insurers via Risk Management

Andrea Smith v. Lacy B. Ward, III and City of Petersburg

Filed in Petersburg Circuit Court, Served 3/28/2016

Case Summary:

The lawsuit arises from an auto liability claim on 10/8/2014, alleging that the City bus driver Lacy Ward was negligent in his operation of the transit bus when he struck the car in which plaintiff, Andrea Smith was a passenger. **Plaintiff demands a judgement of $250,000 for alleged injuries and loss wages.**

Current Status:

Litigation of the lawsuit is covered under the City's FY14/15 Auto Liability Insurance Policy through VACORP ($2,000,000 limit per accident, $3,000,000 excess). VACORP hired an attorney to defend the City and Mr. Ward. Trial is set for February 1, 2017.

Monica L. Cromartie v. Brian Lee Billings

Filed in Petersburg Circuit Court, Served 5/27/2016

Case Summary:

Plaintiff Monica Cromartie alleges that Officer Brian Billings arrested her without probable cause and "intentionally and maliciously" caused her to be prosecuted for obstruction of justice, without probable cause. **Plaintiff is alleging seven counts of constitutional and common law violations resulting in a total demand of $1,200,000 in Compensatory damages and $2,750,000 in punitive damages and other costs.**

Current Status:

Litigation of the lawsuit is covered under the City's Law Enforcement Liability Insurance Policy through VaRisk2 ($1,000,000 limit per occurrence with unlimited aggregate). VaRisk2 hired an attorney to defend Officer Billings. The matter is in discovery phase, a trial date has not be set.

Juwuna A. Mason v. City of Petersburg and George Shelton

Filed in Petersburg Circuit Court, Served 1/24/2014

Case Summary:

The lawsuit arises from an auto liability claim on 2/22/2012, alleging that Streets employee, George Shelton, while driving a City owned vehicle in the course of his employment, negligently rear-ended the vehicle plaintiff Juwuna Mason was driving. **Plaintiff demands a judgment of $250,000 plus interest from 2/22/2012.**

Current Status:

Litigation of the lawsuit is covered under the City's FY11/12 Auto Liability Policy through VML ($1,000,000 limit per accident). VML hired an attorney to defend the City and Mr. Shelton.

Case dismissed/with prejudice 7/7/2015

Shlonda Mason and Minor Children v. City of Petersburg, Det. Deluca, L.M. Jones, Shane Noblin et al.

Filed in Petersburg Circuit Court, Served on Officer Shane Noblin on 10/20/2016

Plaintiff Shlonda Mason alleges officers forcefully entered her apartment (without a search warrant) incorrectly believing it to be the residence of a narcotics suspect. In the process they restrained her and pulled her 13 yr. old son out of his bed and hand-cuffed him, and caused extreme emotional distress to all including her other young children present in the home. Additionally, her property was damaged in the conduct of the search. **Plaintiff is alleging five counts of constitutional and common law violations resulting in a total demand of $1,000,000 in Compensatory damages and $1,000,000 in punitive damages and other costs.**

Current Status:

Litigation of the lawsuit is covered under the City's Law Enforcement Liability Insurance Policy through VaRisk2 ($1,000,000 limit per occurrence with unlimited aggregate). VaRisk2 hired an attorney to defend Officer Noblin. The matter is in discovery phase, a trial date has not be set.

Eley v. Bryan J. Allen DOL 10/17/15

Lawsuit was served on Bryan Allen on 11/10/2016

Plaintiff alleges police officer Allen responded to call for service when he and wife were in car accident and subsequently made false reports; leading to his firing from his job as school principal.

Plaintiff is alleging three counts of constitutional and common law violations resulting in a total demand of $8,000,000 in Compensatory damages and $700,000 in punitive damages and other costs.

Current Status:

Pending notification from VaRisk2 of the attorney assigned to handle this case.

SUBMITTED BY: ELSIE JARMON, RISK MANAGER 11/15/2016

APPENDIX O

COPY OF THE ORDER OF DISMISSAL AND SETTLEMENT AGREEMENT WITH SOUTH CENTRAL WASTEWATER AUTHORITY

VIRGINIA:

IN THE CIRCUIT COURT FOR THE CITY OF PETERSBURG

SOUTH CENTRAL WASTEWATER AUTHORITY,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Case No.: CL16-664
	)	
CITY OF PETERSBURG, VIRGINIA,	)	
	)	
and	)	
	)	
KEVIN BROWN, CITY TREASURER OF PETERSBURG, VIRGINIA,	)	
	)	
Defendants.	)	

AGREED ORDER OF DISMISSAL WITHOUT PREJUDICE

THIS DAY CAME THE PARTIES and Intervenor Virginia Resources Authority ("VRA"), by counsel, and jointly moved the Court to enter an Order (1) vacating the Order for Appointment of Special Receiver entered on October 4, 2016, (2) vacating the Order of Referral to Dispute Resolution entered on October 4, 2016, and (3) dismissing this action without prejudice.

Accordingly, upon the joint motion of the parties and VRA, and for good cause shown, it hereby ORDERED that (1) the Order for Appointment of Special Receiver entered on October 4, 2016, is VACATED, (2) the Order of Referral to Dispute Resolution entered on October 4, 2016, is VACATED, and (3) this action is DISMISSED WITHOUT PREJUDICE in its entirety, without determination of the merits of any claim or defense made herein, such that each party shall retain all rights, claims, and defenses that each may have and this dismissal shall have no effect upon the right of any party to bring suit hereafter on the matters in controversy raised herein. It is further

ORDERED that the dismissal of this action shall not count as a voluntary non-suit and that each party shall bear its or his own costs and attorneys' fees. The City of Petersburg shall pay the Special Receiver within 30 days of receipt of the invoice. (JMC)

The Clerk is requested to certify and send a copy of this Order to counsel of record and to counsel for the Special Receiver and to the Mediator. Nothing further remaining to be done, the Clerk is directed to remove this case from the trial docket and place it among the ended causes.

IT IS SO ORDERED this 15th day of November, 2016.

Circuit Court Judge

WE ASK FOR THIS:

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Counsel for Defendants the City of Petersburg, Virginia and Kevin Brown, City Treasurer of Petersburg, Virginia

WE ASK FOR THIS:

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Mediator

City of Petersburg

Office of the City Manager
135 North Union Street
Petersburg, Virginia 23803

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Fax 732-9212
TDD 733-8003

SETTLEMENT OFFER TO THE
SOUTH CENTRAL WASTEWATER AUTHORITY
FROM THE CITY OF PETERSBURG AND KEVIN BROWN, TREASURER

November 14, 2016

1. The City of Petersburg ("City") paid $377,680.99 to South Central Wastewater Authority ("South Central") on October 24, 2016 in good faith.

2. The City will make its December payment by December 15, 2016 and make all future payments due South Central on a timely basis.

3. South Central and the City agree that the Virginia Resources Authority ("VRA") can intervene in the pending lawsuit (the "Litigation").

4. The City is in the process of obtaining interim revenue anticipation note financing in an amount exceeding $6,000,000 (the "Anticipated RAN Financing").

5. The City has unexpended proceeds totaling $1,291,918.17 from VRA bonds that are not monies subject to the Court's Order as the monies are not sewer revenues.

6. To facilitate settlement of the Litigation and the City's ability to obtain the Anticipated RAN Financing, the City has requested VRA to amend its existing loan documents with the City in order to reimburse the City for eligible expenses in the amount of $1,291,918.17 (the "Requested VRA Reimbursement").

7. To the extent the City receives the amount of at least $1,291,918.17 from the Requested VRA Reimbursement or the Anticipated RAN Financing or a combination of these two anticipated sources of funding, the City will pay the amount of $1,291,918.17 to South Central no later than December 15, 2016, to be applied toward the past due amount owed by the City to South Central.

8. South Central shall dismiss the pending lawsuit without prejudice on or before November 15, 2016. The attached sketch of an order will be used for this purpose. To the extent

allowed by Virginia Code § 8.01-380, the dismissal shall not count as a voluntary non-suit. To the extent dismissal requires a nonsuit, the City and Kevin Brown, Treasurer, shall stipulate to an additional nonsuit pursuant to Virginia Code § 8.01-380.B. South Central is not limited in its ability to refile its case and all parties reserve all rights and defenses should a new lawsuit be filed.

9. By December 15, 2016, South Central and the City agree to determine in good faith (a) any remaining past due amount, and (b) a two-year payment schedule for paying off that amount.

10. Nothing in the order or herein shall relieve the City from any obligation set forth in its several Financing Agreements with VRA or its Service Agreement with South Central, and nothing in the order or herein shall be deemed to constitute a waiver of or under the foregoing or any term or provision thereof. Each of VRA and South Central reserves all of its rights and remedies under such instruments.

11. The City intends to work with VRA in good faith to identify various projects that can be deferred, with resulting proceeds to be used, to the extent lawfully permitted, for debt service and principal curtailment on certain outstanding City bond obligations held by VRA or as otherwise agreed to by VRA.

12. The offer and acceptance contained herein are subject to the ratification of the Petersburg City Council and the Board of Directors of South Central.

CITY OF PETERSBURG

By: _____
Tom Tyrrell, Interim City Manager

KEVIN BROWN, CITY OF PETERSBURG TREASURER

_____

SEEN AND AGREED TO BY SOUTH CENTRAL WASTEWATER AUTHORITY

By: _____
Robert Wilson, Chairman

APPENDIX P

FORM OF BOND COUNSEL OPINION

Main: (804) 648-1636
Fax: (804) 783-7291

RICHMOND • MCLEAN • FREDERICKSBURG
CHRISTIANSBURG • RALEIGH
SANDS ANDERSON PC

WWW.SANDSANDERSON.COM

1111 East Main Street
Post Office Box 1998
Richmond, Virginia 23218-1998

December 8, 2016

Mayor and Council
City of Petersburg
Petersburg, Virginia

UMB Bank, N.A.
Minneapolis, Minnesota

Wells Capital Management
Menomonee Falls, Wisconsin

City of Petersburg, Virginia
$6,500,000 General Obligation Revenue Anticipation Notes, Series 2016

Ladies and Gentlemen:

We have examined the applicable law and certified copies of proceedings and documents relating to the issuance and sale by the City of Petersburg, Virginia **(the "City")**, of its $6,500,000 General Obligation Revenue Anticipation Notes, Series 2016 **(the "Notes")**. The Notes are being issued to (a) fund cash flow needs for general governmental operations during the current fiscal year and (b) pay costs incurred in issuing such Notes. Reference is made to the form of the Notes for information concerning their details, including payment and redemption provisions, and the proceedings pursuant to which they are issued.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the City as to certain facts relevant to both our opinion and requirements of the Internal Revenue Code of 1986, as amended **(the "Code")**. The City has covenanted to comply with the current provisions of the Code, regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes and the timely payment to the United States of any arbitrage rebate amounts with respect to the Notes, all as set forth in the proceedings and documents relating to the issuance of the Notes **(the "Covenants")**.

Based on the foregoing, we are of the opinion that:

1. The Notes have been authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, and constitute valid and binding obligations of the City, and the City Council is authorized and required by law, unless other funds are lawfully available and appropriated for timely payment of the Notes, to levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the City sufficient to pay when due the principal of and premium, if any, and interest on the Notes. The Notes are eligible for the state aid intercept provisions under Section 15.2-2659 of the Code of Virginia of 1950, as amended, in the event of default of payments of principal and interest under the Notes as provided under that Section. Additionally, the Notes are secured by a pledge of tax revenues anticipated to be collected in the current fiscal year of the City, as provided under Section 15.2-2629 of the Code of Virginia of 1950, as amended.

2. The rights of the holders of the Notes and the enforceability of such rights may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

3. Under current law, interest on the Notes (a) is not included in gross income for Federal income tax purposes, and (b) is not an item of tax preference for purposes of the Federal alternative minimum income tax imposed on individuals and corporations; however, with respect to corporations (as defined for Federal income tax purposes) subject to the alternative minimum income tax, such interest is taken into account in determining adjusted current earnings for purposes of computing such tax. The opinion set forth in the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Notes with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for Federal income tax purposes. Failure by the City to comply with the Covenants, among other things, could cause interest on the Notes to be included in gross income for Federal income tax purposes retroactively to their date of issue. Additionally, the Notes are "qualified tax-exempt obligations," within the meaning of Section 265(b)(3)(B) of the Code, and, in the case of certain "financial institutions," within the meaning of Section 265(b)(5) of the Code, a deduction is allowed for the applicable portion of such financial institutions' interest expense allocable to interest on the Notes. We express no opinion regarding other Federal tax consequences of the ownership of or receipt or accrual of interest on the Notes.

4. Under current law, interest on the Notes is exempt from income taxation by the Commonwealth of Virginia.

Our services as bond counsel to the City have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Notes and the tax-exempt status of the interest on the Notes. We express no opinion herein as to the financial resources of the City, its ability to provide for payment of the Notes or the accuracy or completeness of any information, including the City's

Private Placement Memorandum dated December 2, 2016 that may have been relied upon by anyone in making the decision to purchase Notes.

Very truly yours,

SANDS ANDERSON PC

By: _____

APPENDIX Q

[Investment Letter for Accredited Investor]

December __, 2016

City of Petersburg, Virginia
Petersburg, Virginia

Crews and Associates, Inc.
Little Rock, Arkansas

Sands Anderson PC
Richmond, Virginia

$6,500,000
City of Petersburg, Virginia
General Obligation Revenue Anticipation Notes
Series 2016

Ladies and Gentlemen:

In connection with our purchase of a portion of the captioned Notes the **(the "Notes")**, issued by the City of Petersburg, Virginia **(the "City")**, we certify, represent and warrant to you as follows:

1. We acknowledge that we have agreed to purchase the Notes.

2. We are an accredited investor as defined under Section 501 of Regulation D under the Securities Act of 1933, and have experience and expertise in the purchase and ownership of obligations similar to the Notes. We are duly and validly organized under the laws of our jurisdiction of incorporation or organization. We are capable of evaluating the merits and risks of the purchase of the Notes on the basis of the information and review of the materials described in paragraph 3 below. We understand fully the nature of this particular investment in the Notes and the risks associated with the investment, including the risk that no secondary market will exist with respect to the Notes. We can bear the economic risk of the purchase of the Notes.

3. We have (a) received and thoroughly read and evaluated the Private Placement Memorandum, including the appendices thereto, dated December 2, 2016 **(the "PPM")**, relating to the offering of the Notes and (b) been given the opportunity to obtain such additional information as we have requested and that we deem necessary in our decision to purchase the Notes.

4. The purchaser of the Notes has executed an investment letter representing that it has no current intention of reselling or disposing of the Notes or engaging in ant "distribution" thereof, and is purchasing the Notes for its own account and not for the account of others or for resale. Any sale of the Notes or any interest in Notes will comply with all applicable federal and state securities laws and require any subsequent purchaser to execute an investor representation letter substantially in the form attached to the PPM.

5. We recognize that no representations or warranties as to the accuracy or the adequacy of the information in the PPM or otherwise provided to us have been made by the Crews and Associates, Inc., as placement agent, Counsel to the City or Sands Anderson PC, as Bond Counsel to the City, and that the scope of the engagement of Sands Anderson PC, does not include representation of the undersigned.

6. We recognize that the statements set forth in this letter are being relied upon by the parties involved in the issuance and sale of the Notes and such statements shall survive the execution and delivery to us of the Notes and the instruments and documents contemplated thereby.

7. We agree to indemnify and hold harmless all the parties listed in Section 5 above, together with the respective directors, officers, representatives and agents of such third parties, against any and all loss, liability, claim, damage and expense including reasonable attorneys' fees arising out of or based upon any misstatement or omission in the Investor Information or any failure by us to comply with any covenant or agreement made in this letter.

Sincerely yours,

_____

By: _____

Name: _____

Title: _____

APPENDIX R

Book-Entry Only Language

The Depository Trust Company **("DTC")**, New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered bonds and notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate for the Notes will be issued for each maturity as set forth on the cover page of this Private Placement Memorandum, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants **("Direct Participants")** deposit with DTC. DTC also facilitates the post-trade-settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly **("Indirect Participants")**. DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note **("Beneficial Owner")** is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Notes will be made to Cede &Co, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC (nor its nominee), or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In such event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX S

FORM OF SPECIAL CITY ATTORNEY OPINION

[Letterhead of Woodley & Flynn]

December 8, 2016

City of Petersburg, Virginia
Petersburg, Virginia

Sands Anderson PC
Richmond, Virginia

UMB Bank, N.A.
Minneapolis, Minnesota

Wells Capital Management
Menomonee Falls, Wisconsin

City of Petersburg, Virginia
$6,500,000 General Obligation Revenue Anticipation Note,
Series 2016

Ladies and Gentlemen:

We have acted as special City Attorney to the City of Petersburg, Virginia **(the "City")** in connection with the issuance by the City of its $6,500,000 City of Petersburg, Virginia's General Obligation Revenue Anticipation Note, Series 2016 **(the "Notes")**, being issued to finance cash flow needs for general governmental operations for the City during the fiscal year ending June 30, 2017. In connection therewith, we have examined the following:

1. The Constitution and statues of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991, as amended **(the "Act")**, and such applicable court decisions as I have deemed necessary or relevant for the purpose of the opinions set forth below.

2. A certified copy of the Resolution duly enacted by the City Council on November 15, 2016 **(the "Resolution")**, authorizing the issuance and sale of the Notes for the purposes therein and authorizing among other things the execution and delivery of:

    a. The Trust Agreement, dated as of December 1, 2016, **(the "Trust Agreement")** between the City and UMB Bank, N.A., as Trustee and paying agent and registrar;

b. The Private Placement Memorandum of the City, dated December 2, 2016, **(the "PPM")**, with respect to the offering of the Notes.

Based upon and subject to the foregoing and upon such other information and documents as we considered necessary for the purpose of rendering this opinion, we are of the opinion that:

1. The Resolution has been duly adopted by the City Council, has not been amended or rescinded and is in full force and effect.

2. The Notes have been authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, and constitute valid and binding general obligations of the City, and the City Council is authorized and required by law, unless other funds are lawfully available and appropriated for timely payment of the Notes, to levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the City sufficient to pay when due the principal of and premium, if any, and interest on the Notes. The Notes are eligible for the state aid intercept provisions under Section 15.2-2659 of the Code of Virginia of 1950, as amended, in the event of default of payments of principal and interest under the Notes as provided under that Section. Additionally, the Notes are secured by a pledge of tax revenues anticipated to be collected in the current fiscal year of the City, as provided under Section 15.2-2629 of the Code of Virginia of 1950, as amended.

2. The issuance of the Notes, the authorization, execution and delivery of the Trust Agreement, the payments thereunder and compliance with the provisions thereof are within the corporate powers of the City and do not and will not conflict with or constitute a violation of, breach of, or default under (a) the City Charter, (b) federal or Virginia constitutional provision or any other provision of Virginia law, (c) to the best of our knowledge but without independent investigation any agreement or other instrument to which the City is a party or by which the City is bound, or (d) to the best of our knowledge but without independent investigation, any order, rule or regulation or any court or governmental agency or body having jurisdiction over the City or any of its properties.

3. There is no litigation at law or in equity or any proceeding before any governmental agency pending, or to the best of our knowledge but without independent investigation, threatened against the City with respect to (a) the organization or existence of the City or the title to the offices of the officers thereof, (b) the power or authority of the City to apply the proceeds of the Notes as contemplated by the Resolution, (c) its authority to execute and deliver the Trust Agreement and the PPM (d) the validity or enforceability of such instruments or the transactions contemplated thereby or by the Resolution, (e) any authority or proceeding relating to the execution and delivery of either of such instruments by the City, or (f) restraining or enjoining the issuance, sale or delivery of any of the Notes.

Very truly yours,