

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



**For the Fiscal Year
ended June 30, 2014**

City of Petersburg, Virginia

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014**

Prepared By:

Department of Finance

CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Title Page	i
Table of Contents	iii-v
Directory of Principal Officials	vii
Organizational Chart	ix
Certificate of Achievement	xi
Letter of Transmittal	xiii-xvi
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	5-12
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	17
Exhibit 2 Statement of Activities	18-19
Fund Financial Statements:	
Exhibit 3 Balance Sheet-Governmental Funds	23
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	24
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities-Governmental Funds	25
Exhibit 6 Statement of Net Position-Proprietary Funds	26
Exhibit 7 Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds	27
Exhibit 8 Statement of Cash Flows-Proprietary Funds	28

CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2014

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
<u>FINANCIAL SECTION: (CONTINUED)</u>	
<u>BASIC FINANCIAL STATEMENTS: (CONTINUED)</u>	
Fund Financial Statements: (continued)	
Exhibit 9 Statement of Fiduciary Net Position–Fiduciary Funds	29
Exhibit 10 Statement of Changes in Fiduciary Net Position–Fiduciary Funds	30
Notes to Financial Statements	31-81
<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Exhibit 11 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–General Fund	85
Exhibit 12 Schedule of Pension and OPEB Funding Progress for the Virginia Retirement System and Other Postemployment Benefits	86
<u>OTHER SUPPLEMENTARY INFORMATION:</u>	
Combining and Individual Fund Statements and Schedules	
Exhibit 13 Combining Balance Sheet–Nonmajor Governmental Funds	90
Exhibit 14 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances–Nonmajor Governmental Funds	91
Exhibit 15 Schedule of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual– Nonmajor Governmental Funds– Special Revenue Funds	92-93
Exhibit 16 Combining Statement of Fiduciary Net Position–Agency Funds	94
Exhibit 17 Combining Statement of Changes in Assets and Liabilities–Agency Funds	95
Supporting Schedules:	
Schedule 1 Governmental Funds Schedule of Revenues-Budget and Actual	99-103
Schedule 2 Governmental Funds Schedule of Expenditures-Budget and Actual	104-109

CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2014

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
<u>STATISTICAL SECTION:</u>	
<u>Financial Trends</u>	
Table 1	Net Position by Component - Last Ten Fiscal Years 112-113
Table 2	Changes in Net Position - Last Ten Fiscal Years 115-116
Table 3	Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years 117
Table 4	Fund Balances of Governmental Funds - Last Ten Fiscal Years 118-119
Table 5	Changes in Fund Balance of Governmental Funds - Last Ten Fiscal Years 120-121
Table 6	Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years 123
<u>Revenue Capacity</u>	
Table 7	Assessed and Estimated Valuation of All Taxable Property - Last Ten Fiscal Years 124
Table 8	Property Tax Rates - Last Ten Fiscal Years 125
Table 9	Principal Business Taxpayers - Current Year and Nine Years Ago 126-127
Table 10	Property Tax Levies and Collections - Last Ten Fiscal Years 129
<u>Debt Capacity</u>	
Table 11	Ratios of Outstanding Obligations by Type - Last Ten Fiscal Years 130-131
Table 12	Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Obligation Bonded Debt Per Capita - Last Ten Fiscal Years 132
Table 13	Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin 133
Table 14	Revenue Coverage - Last Ten Fiscal Years 134
<u>Demographic and Economic Information</u>	
Table 15	Demographic Economic and Census Statistics - Last Ten Fiscal Years & Last Six Censuses 135
<u>Operating Information</u>	
Table 16	Major Private Employers - Current Year and Nine Years Ago 136
Table 17	Full-time Equivalent Government Employees by Function - Last Ten Fiscal Years 137
Table 18	Operating Indicators by Function - Last Ten Fiscal Years 138-139
Table 19	Capital Asset Statistics by Function - Last Ten Fiscal Years 140
<u>COMPLIANCE SECTION:</u>	
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 <i>Government Auditing Standards</i>	141-142
Independent Auditors' Report on Compliance on Each Major Program and on Internal Control over Compliance Required by OMB <i>Circular A-133</i>	143-144
Schedule of Expenditures of Federal Awards	145-147
Notes to Schedule of Expenditures of Federal Awards	148
Schedule of Findings and Questioned Costs	149

**CITY OF PETERSBURG, VIRGINIA
CITY COUNCIL AND EXECUTIVE OFFICERS
JUNE 30, 2014**

CITY COUNCIL

Brian Moore Mayor
Horace P. Webb Vice-Mayor
W. Howard Myers Councilman
David R. Coleman Councilman
Triska Wilson-Smith Councilwoman
Kenneth M. Pritchett Councilman
Carl M. Ross Councilman

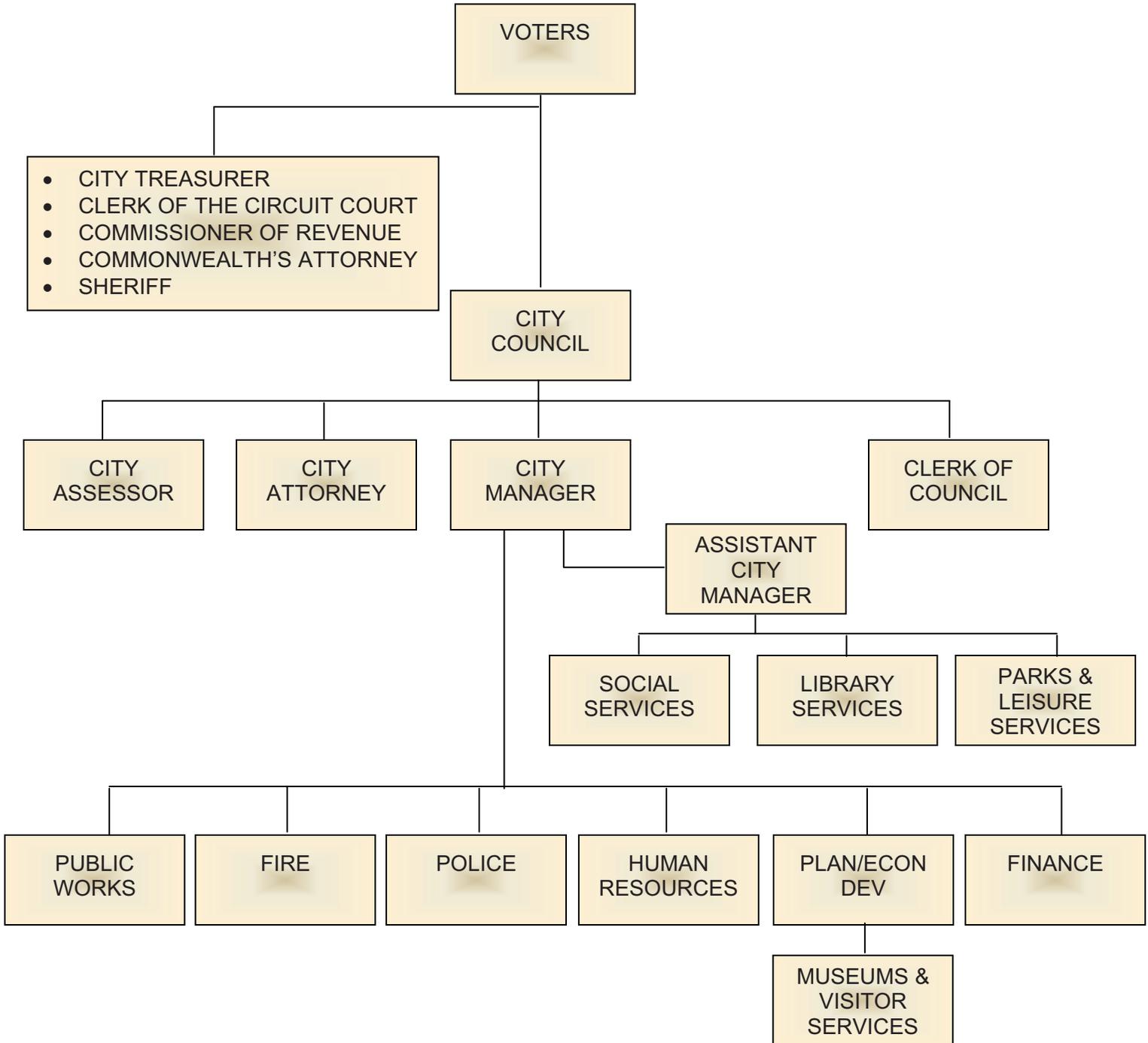
CONSTITUTIONAL OFFICERS

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 Acting City Assessor
Tami M. Champ-Yerby Director of Parks and Leisure Services
Michelle B. Peters Director of Planning
Wayne Crocker Library Director
Vandy V. Jones, III Manager of Economic Development
Kimberley Willis Miles Director of Social Services
Marie Coone Museums Manager
Steven W. Hicks Director of Public Works
Thomas C. Hairston Fire Chief
Lorriane Adeeb Director of Human Resources
John I. Dixon III Chief of Police

CITY OF PETERSBURG, VIRGINIA ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Petersburg
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



CITY OF PETERSBURG

FINANCE DEPARTMENT

CITY HALL ANNEX, 103 W. TABB STREET

PETERSBURG, VIRGINIA 23803

(804) 733-2337 FAX (804) 733-2434

December 22, 2014

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, 2014, 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 the Petersburg public utilities and the City's bus system are also part of the primary government and included in the reporting entity.

ECONOMIC CONDITION AND OUTLOOK AND FUTURE PROSPECTS

The City's basic industries are manufacturing, government, trade and services. The manufacturing sector includes firms in the chemical, medical, metal and optical industries. The City's economic prospects are enhanced by its proximity to Richmond, the state capital, and its inclusion in the Richmond-Petersburg Metropolitan Statistical Area. Fort Lee Army Base is located adjacent to the City. Fort Lee houses the Army's Quartermaster and Logistics Management Centers. Fort Lee 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.

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

ECONOMIC CONDITION AND OUTLOOK AND FUTURE PROSPECTS: (CONTINUED)

Petersburg continues to experience economic development success throughout the City. Development in the southeast portion of the City is highlighted by the Unitao announcement. Unitao, a Chinese pharmaceutical company, selected a location in the Petersburg Industrial Park for a \$22 million production facility that will create 376 new jobs. In addition to Unitao, SRMC completed an expansion with a new Medical Arts building which houses a Women's Pavillion and Oncology Center. This project represented a \$10 million investment. Downtown continues to see an influx of private investment highlighted by the conversions of older commercial and industrial buildings into mixed use projects with ground floor commercial and upper story residential space. In 2014 two projects, the Ward Center and the Nash building, added over 60 new residential units, 54 artist studios, 2,800 square feet of event space, and a bakery. Two new restaurants, Alibi's and Sixteen West also opened. In April of 2014 the new Petersburg Public Library was opened. The Library was a \$12 million project.

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. Major film projects such as the Meg Ryan movie Ithaca, the Disney film Point of Honor and the AMC series Turn all filmed in downtown Petersburg during 2014.

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 Virginia Department of Transportation installed new signage along the Interstate 95 and 85 corridors. This signage is promoting the sports, cultural and historic locations in our great city.

Exit 52: The City acquired the old Holiday Inn Hotel and demolished the building in February 2014. This is the first major step in redeveloping and reestablishing Exit 52 (Washington Street Exit). In June 2014 the city acquired the Fort Lee Regency hotel. This property will be marketed for redevelopment.

Other: The City launched its rebranding campaign I AM Petersburg Virginia in December 2014 with the desired outcome of improving the perception of the city. This campaign will also help the city with its economic development and its sports, cultural affairs and tourist attraction to our city.

Public Works: The division of Public Utilities in partnership with Johnson Controls, using a performance contract, installed 10,865 new water meters (Automated Reader System). This will allow the city to go to monthly billing beginning in the month of May 2015. The new meter system will improve our customer service to our rate payers.

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.

OTHER INFORMATION: (CONTINUED)

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.

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

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

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting Program to the City of Petersburg, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Wm. Carter J.", is written over a faint horizontal line.

Finance Department

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Petersburg, Virginia, as of and for the year ended June 30, 2014, 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, 2014, 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.

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.

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 December 5, 2014, 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

December 5, 2014, except for Note 16, as to which the date is June 30, 2015.

This page intentionally left blank

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$75,567,188 (net position).
- The City's net position increased in governmental funds and business-type activities. Governmental funds net position increased \$7,084,228 while business-type activities increased \$346,188.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$25,145,932, an increase of \$56,521 in comparison with the prior year. Unassigned fund balance for the General Fund decreased from \$1,725,979 to \$174,507.

Overview of the Financial Statements

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

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

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

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

The Statement of Net 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.

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

Fiduciary funds - The City is the trustee, or fiduciary, for the City's agency and private-purpose trust funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net 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.

Overview of the Financial Statements: (Continued)

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City, assets exceeded liabilities and deferred inflows by \$75,567,188 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, 2014 and 2013**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 41,892,614	\$ 39,048,005	\$ (5,549,791)	\$ (4,793,079)	\$ 36,342,823	\$ 34,254,926
Capital assets	58,389,857	57,973,378	50,287,835	45,705,653	108,677,692	103,679,031
Total assets	<u>\$ 100,282,471</u>	<u>\$ 97,021,383</u>	<u>\$ 44,738,044</u>	<u>\$ 40,912,574</u>	<u>\$ 145,020,515</u>	<u>\$ 137,933,957</u>
Long-term liabilities outstanding	\$ 42,885,254	\$ 48,599,188	\$ 9,522,636	\$ 5,026,375	\$ 52,407,890	\$ 53,625,563
Current liabilities	13,092,888	10,906,996	3,944,210	4,961,189	17,037,098	15,868,185
Total liabilities	<u>\$ 55,978,142</u>	<u>\$ 59,506,184</u>	<u>\$ 13,466,846</u>	<u>\$ 9,987,564</u>	<u>\$ 69,444,988</u>	<u>\$ 69,493,748</u>
Deferred inflows of resources	\$ 8,339	\$ 303,437	\$ -	\$ -	\$ 8,339	\$ 303,437
Net position:						
Net investment in capital assets	\$ 22,461,507	\$ 18,479,417	\$ 41,072,153	\$ 40,518,560	\$ 63,533,660	\$ 58,997,977
Restricted	5,844,518	8,699,721	465,941	1,334,606	6,310,459	10,034,327
Unrestricted	15,989,965	10,032,624	(10,266,896)	(10,928,156)	5,723,069	(895,532)
Total net position	<u>\$ 44,295,990</u>	<u>\$ 37,211,762</u>	<u>\$ 31,271,198</u>	<u>\$ 30,925,010</u>	<u>\$ 75,567,188</u>	<u>\$ 68,136,772</u>
Total liabilities, deferred inflows and net position	<u>\$ 100,282,471</u>	<u>\$ 97,021,383</u>	<u>\$ 44,738,044</u>	<u>\$ 40,912,574</u>	<u>\$ 145,020,515</u>	<u>\$ 137,933,957</u>

A large part of the City's net position (85%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, for the City as a whole, and for its governmental activities; however, its business-type activities reports negative unrestricted net position. 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 increased the City's net position by \$7,084,228, while business-type activities increased net position by \$346,188. Key elements of these increases are as follows:

**City of Petersburg, Virginia's Changes in Net Position
Governmental and Business-type Activities
For the Years Ended June 30, 2014 and 2013**

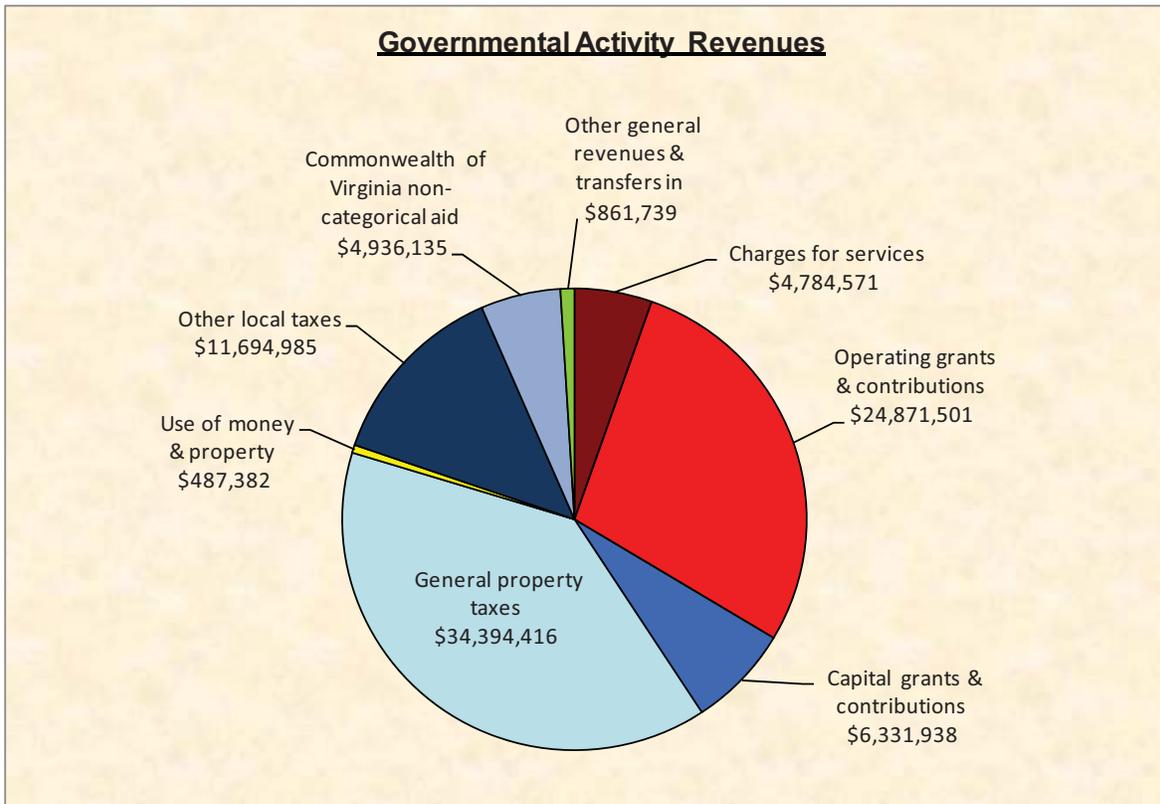
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 4,784,571	\$ 3,958,523	\$ 10,336,703	\$ 10,375,640	\$ 15,121,274	\$ 14,334,163
Operating grants and contributions	24,871,501	23,551,967	1,768,821	1,403,671	26,640,322	24,955,638
Capital grants and contributions	6,331,938	1,014,283	2,003,498	376,333	8,335,436	1,390,616
General revenues:						
General property taxes	34,394,416	33,726,929	-	-	34,394,416	33,726,929
Other local taxes	11,694,985	11,931,952	-	-	11,694,985	11,931,952
Use of money and property	487,382	397,947	1,335	6,051	488,717	403,998
Commonwealth of Virginia non- categorical aid	4,936,135	4,835,521	-	-	4,936,135	4,835,521
Other general revenues	861,739	1,285,606	-	-	861,739	1,285,606
Total revenues	\$ 88,362,667	\$ 80,702,728	\$ 14,110,357	\$ 12,161,695	\$ 102,473,024	\$ 92,864,424
Expenses:						
General government administration	\$ 6,124,429	\$ 5,024,964	\$ -	\$ -	\$ 6,124,429	\$ 5,024,964
Judicial administration	2,409,720	2,329,886	-	-	2,409,720	2,329,886
Public safety	27,624,108	29,534,876	-	-	27,624,108	29,534,876
Public works	12,902,451	13,624,539	-	-	12,902,451	13,624,539
Health and welfare	13,358,082	12,472,778	-	-	13,358,082	12,472,778
Education	10,289,525	11,476,574	-	-	10,289,525	11,476,574
Parks, recreation, and cultural	2,819,867	7,557,488	-	-	2,819,867	7,557,488
Community development	3,855,151	3,277,238	-	-	3,855,151	3,277,238
Interest	1,016,546	1,228,991	-	-	1,016,546	1,228,991
Public Utility	-	-	9,095,733	9,490,563	9,095,733	9,490,563
Mass Transit	-	-	4,343,710	4,233,740	4,343,710	4,233,740
Golf Course	-	-	1,203,286	1,110,021	1,203,286	1,110,021
Total expenses	\$ 80,399,879	\$ 86,527,334	\$ 14,642,729	\$ 14,834,324	\$ 95,042,608	\$ 101,361,658
Increase (decrease) in net position before transfers	\$ 7,962,788	\$ (5,824,606)	\$ (532,372)	\$ (2,672,629)	\$ 7,430,416	\$ (8,497,234)
Transfers	(878,560)	(802,736)	878,560	802,736	-	-
Increase (decrease) in net position	\$ 7,084,228	\$ (6,627,342)	\$ 346,188	\$ (1,869,893)	\$ 7,430,416	\$ (8,497,234)
Net position, beginning of year	37,211,762	43,839,104	30,925,010	32,794,903	68,136,772	76,634,007
Net position, end of year	<u>\$ 44,295,990</u>	<u>\$ 37,211,762</u>	<u>\$ 31,271,198</u>	<u>\$ 30,925,010</u>	<u>\$ 75,567,188</u>	<u>\$ 68,136,773</u>

Government-wide Financial Analysis: (Continued)

The City’s net position increased \$7,430,416 during the current fiscal year. This increase was reflective of a increase in net position of governmental activities of \$7,084,228 and an increase of \$346,188 in business-type activities. Governmental activity revenues increased from \$80,702,728 to \$88,362,667, an increase of \$7,659,939 or 9.49%. There were several factors which contributed to the increase in revenue to include increase in capital contributions of \$5,317,655, operating grants of \$1,319,534 and charges for services \$826,048. 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. Health and welfare operating grants increased from \$8,845,264 to \$9,667,570 due to increases in state and federal funding for comprehensive services and state and federal public assistance grants. Public safety grants also increased from \$7,096,135 to \$7,682,641 or \$586,506. The increase in charges for services is due primarily to the implementation of stormwater charges in FY 14 which totaled \$1,402,393. Governmental expenses decreased from \$86,527,334 to \$80,399,879 or \$6,127,455. The primary factor in the decrease was the one-time funding to the Petersburg Library Foundation of \$5,000,000 which was used towards construction of a new library in the City in FY 13. Public safety expenses decreased from \$29,534,876 to \$27,624,108 or \$1,910,768. This decrease is due primarily to correction and detention expenses, which decreased from \$8,186,091 to \$6,807,038 or \$1,379,053. The City increased transfers to business-type activities from \$802,736 to \$878,560.

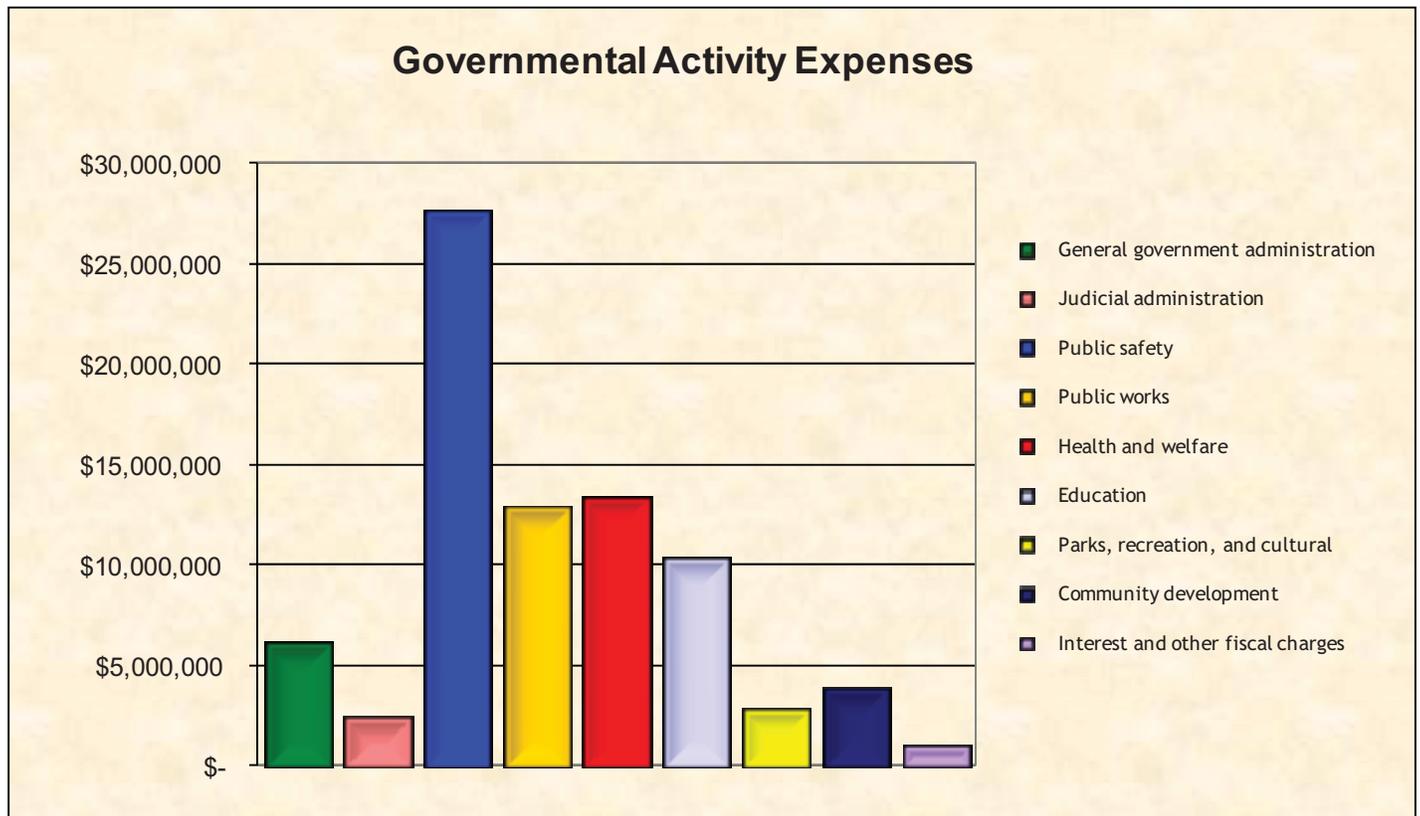
Net position increased in the business-type activities by \$346,188. The Public Utility Fund’s net position increased by \$165,566, the Mass Transit Fund net position increased by \$441,635 and the Golf Course decreased by \$261,013. Overall business-type activity revenues increased from \$12,161,695 to \$14,110,357 or \$1,948,662. The most significant increase was noted in capital contributions and grants for four buses and three vehicles for the Mass Transit fleet. Public Utility connection fee revenue decreased from \$522,826 to \$181,469 or \$341,357. Public Utility expenses decreased by \$394,830 due primarily to decreases in contractual services and other charges. Overall the Mass Transit has an increase in net position due principally to the capital contributions as noted above. Operating In the seventh year of operations the Golf Course increased revenues from \$701,000 to \$709,000 while the City’s General Fund transferred \$241,273 in FY 14 to help reduce the operating loss in the Golf Course Fund.

The chart below provides an overview of FY 13-14 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 \$25,145,932 an increase of \$56,521 in comparison with the prior year. As noted earlier the City's unassigned General Fund balance is only \$174,507 at June 30, 2014, while the total fund balance is \$19,294,395. The City has non-spendable balances comprised of inventory and land held for resale in the amount of \$6,001,237 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 \$3,969,947. The fund balance of the City's General Fund decreased \$777,839 during the current fiscal year. Key factors in the decrease are as follows:

- Funding from state and federal government sources declined by \$840,259 and \$263,674 respectively. Most of the state funding shortfall is due to decreased CSA funding.
- The City's general property tax revenue decreased from \$33,787,723 to \$33,299,800 or \$487,923. Real estate taxes decreased \$1,268,761 while personal property taxes increased \$424,408 and public service tax revenue increased \$284,146.

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

- In FY 14 the City transferred monies to the Mass Transit Fund and the Golf Course Fund to help reduce operating losses in those funds as the revenues in the funds is insufficient to meet operating expenses. Transfers to Transit totaled \$484,556 and to the Golf Course Fund totaled \$241,273 respectfully.
- In FY 14 the City transferred \$610,883 to the Federal and State Grants Projects Fund for future projects. These monies were transferred to provide funding for fire departments and law library expenditures.
- In FY 14 the General Fund expended \$77,761,377 while revenues totaled \$77,486,510, a deficiency of \$274,867, reference Exhibit 11.

The City's other governmental funds reflected an overall increase in fund balances of \$834,360. The Capital Projects fund balance decreased \$248,713 and the other non-major funds increased \$1,083,073. Expenditures in the Capital Projects Fund totaled \$3,118,135 and included improvements to Walnut Hill Elementary School, (\$959,202), Petersburg Library Foundation, (\$450,000) and other details for specific capital projects can be found on Schedule 2 of this report. Funding for these projects was from prior year unexpended loan proceeds and current year proceeds.

The Federal and State Projects Fund had revenues of \$3,514,429 and expenditures of \$3,319,216. As noted previously the General Fund transferred \$610,883 to this fund which contributed to the increase in fund balance of \$806,096. More information on the other governmental funds can be found on Exhibit 14.

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 \$829,222, (\$8,019,271), and (\$3,076,847), respectively. Net position increased for the Public Utility Fund by \$165,566 and by \$441,635 for Mass Transit while the Golf Course Fund had a decrease in net position of \$261,013. 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 \$79,637,229 to \$80,472,220 as disclosed on Exhibit 11. Some of the major differences can be summarized as follows:

- An increase of \$555,156 in debt service for principal retired on debt.
- An increase of \$424,289 in non-departmental primarily for other contingencies.
- An increase of \$163,086 in general and financial administration for a variety of items.
- A decrease of \$528,074 in community development for contributions to other community organizations, (\$365,975) and other community development of \$162,099.

While the total General Fund revenue budget increased from \$80,363,058 to \$80,472,527 or \$109,469. 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, 2014 totaled \$108,677,692 (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 \$3,681,214 in the governmental activities and \$2,010,886 in the business-type activities. The City's governmental capital assets, net of accumulated depreciation, decreased by \$416,478. The City's business-type capital assets, net of accumulated depreciation, increased \$4,582,182. More detailed information on the City's capital assets can be found in Note 6 of this report.

Long-term debt - At the end of the current fiscal year, the City governmental activities had total long-term obligations outstanding of \$45,651,748 and the business-type activities had \$9,798,677. Of these amounts \$44,586,266 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 \$2,820,000 in general obligation bonds. The City also issued \$691,910 in capital lease obligations for various vehicles and equipment and in addition issued \$4,256,403 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. 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 was 9.6% in September, 2014, which is lower than the 10.70% in October, 2013. The state unemployment rate was 5.3% in October 2014.

This factor was considered in preparing the City's budget for the 2015 fiscal year. The General Fund for FY 14 totals \$80,475,714, which is a very small increase of \$94,940 more the fiscal 2014 approved budget. The real estate tax rate of \$1.35 per \$100 assessment remains unchanged.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

Government-wide Financial Statements

This page intentionally left blank

Statement of Net Position
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 3,688,358	\$ 59,241	\$ 3,747,599	\$ 688,810
Restricted cash	8,395,762	465,941	8,861,703	-
Receivables (net of allowance for uncollectibles):				
Property taxes	7,923,154	-	7,923,154	-
Accounts receivable	1,496,949	2,416,375	3,913,324	21,922
Prepaid items	7,019	-	7,019	-
Inventory	6,001,237	604,632	6,605,869	220,765
Due from Primary Government	-	-	-	3,365,874
Internal balances	9,178,414	(9,178,414)	-	-
Due from other governmental units	5,201,721	82,434	5,284,155	2,283,589
Total Current Assets	\$ 41,892,614	\$ (5,549,791)	\$ 36,342,823	\$ 6,580,960
Capital assets (net of depreciation):				
Land	\$ 6,046,998	\$ 4,700,360	\$ 10,747,358	\$ 5,000
Construction in progress	1,477,136	4,470,167	5,947,303	-
Land improvements	-	632,702	632,702	122,871
Utility plant in service	-	15,019,655	15,019,655	-
Water capacity rights	-	2,431,000	2,431,000	-
Buildings and improvements	33,418,562	20,405,476	53,824,038	7,073,637
Vehicles	1,889,612	2,216,398	4,106,010	1,365,397
Equipment and machinery	2,869,068	412,077	3,281,145	407,004
Infrastructure	12,688,481	-	12,688,481	-
Total Capital Assets	\$ 58,389,857	\$ 50,287,835	\$ 108,677,692	\$ 8,973,909
Total Assets	\$ 100,282,471	\$ 44,738,044	\$ 145,020,515	\$ 15,554,869
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 6,277,346	\$ 931,460	\$ 7,208,806	\$ 486,940
Reconciled overdraft	-	2,113,421	2,113,421	-
Accrued interest payable	301,429	60,848	362,277	4,205,190
Unearned revenue	360,307	4,232	364,539	9,554
Customer deposits	21,438	558,208	579,646	-
Due to Component Unit School Board	3,365,874	-	3,365,874	-
Current portion of long-term obligations	2,766,494	276,041	3,042,535	122,565
Total Current Liabilities	\$ 13,092,888	\$ 3,944,210	\$ 17,037,098	\$ 4,824,249
Non-current liabilities:				
Noncurrent portion of long-term obligations	42,885,254	9,522,636	52,407,890	1,275,929
Total Liabilities	\$ 55,978,142	\$ 13,466,846	\$ 69,444,988	\$ 6,100,178
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	\$ 8,339	\$ -	\$ 8,339	\$ -
NET POSITION				
Net investment in capital assets	\$ 22,461,507	\$ 41,072,153	\$ 63,533,660	\$ 8,919,338
Restricted for grants	1,310,891	-	1,310,891	-
Restricted for debt service	-	465,941	465,941	-
Restricted for capital projects	2,695,274	-	2,695,274	-
Restricted for McKenney scholarships	19,017	-	19,017	-
Restricted for perpetual care and library	1,819,336	-	1,819,336	-
Unrestricted	15,989,965	(10,266,896)	5,723,068	535,353
Total Net Position	\$ 44,295,990	\$ 31,271,198	\$ 75,567,188	\$ 9,454,691
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 100,282,471	\$ 44,738,044	\$ 145,020,515	\$ 15,554,869

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

CITY OF PETERSBURG, VIRGINIA

Statement of Activities
 Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 6,124,429	\$ 228,416	\$ 305,503	\$ -
Judicial administration	2,409,720	680,649	1,051,708	-
Public safety	27,624,108	536,074	7,682,641	-
Public works	12,902,451	3,042,325	5,167,493	6,312,018
Health and welfare	13,358,082	6,665	9,667,570	-
Education	10,289,525	-	-	-
Parks, recreation, and cultural	2,819,867	80,473	145,774	-
Community development	3,855,151	209,969	850,812	19,920
Interest	1,016,546	-	-	-
Total governmental activities	\$ 80,399,879	\$ 4,784,571	\$ 24,871,501	\$ 6,331,938
Business-type activities:				
Public utility	\$ 9,095,733	\$ 9,107,233	\$ -	\$ -
Mass transit	4,343,710	528,470	1,768,821	2,003,498
Golf course	1,203,286	701,000	-	-
Total business-type activities	\$ 14,642,729	\$ 10,336,703	\$ 1,768,821	\$ 2,003,498
Total primary government	\$ 95,042,608	\$ 15,121,274	\$ 26,640,322	\$ 8,335,436
COMPONENT UNIT:				
School Board	\$ 48,498,488	\$ 442,774	\$ 37,303,641	\$ -
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				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (5,590,510)	\$ -	\$ (5,590,510)	\$ -
(677,363)	-	(677,363)	-
(19,405,393)	-	(19,405,393)	-
1,619,385	-	1,619,385	-
(3,683,847)	-	(3,683,847)	-
(10,289,525)	-	(10,289,525)	-
(2,593,620)	-	(2,593,620)	-
(2,774,450)	-	(2,774,450)	-
(1,016,546)	-	(1,016,546)	-
<u>\$ (44,411,869)</u>	<u>\$ -</u>	<u>\$ (44,411,869)</u>	<u>\$ -</u>
\$ -	\$ 11,500	\$ 11,500	\$ -
-	(42,921)	(42,921)	-
-	(502,286)	(502,286)	-
<u>\$ -</u>	<u>\$ (533,707)</u>	<u>\$ (533,707)</u>	<u>\$ -</u>
<u>\$ (44,411,869)</u>	<u>\$ (533,707)</u>	<u>\$ (44,945,576)</u>	<u>\$ -</u>
			<u>\$ (10,752,073)</u>
\$ 34,394,416	\$ -	\$ 34,394,416	\$ -
3,530,101	-	3,530,101	-
1,638,787	-	1,638,787	-
2,727,728	-	2,727,728	-
487,391	-	487,391	-
268,575	-	268,575	-
2,423,433	-	2,423,433	-
618,970	-	618,970	-
487,382	1,335	488,717	21,184
861,739	-	861,739	352,785
4,936,135	-	4,936,135	-
-	-	-	9,767,357
(878,560)	878,560	-	-
<u>\$ 51,496,097</u>	<u>\$ 879,895</u>	<u>\$ 52,375,992</u>	<u>\$ 10,141,326</u>
<u>\$ 7,084,228</u>	<u>\$ 346,188</u>	<u>\$ 7,430,416</u>	<u>\$ (610,747)</u>
<u>37,211,762</u>	<u>30,925,010</u>	<u>68,136,772</u>	<u>10,065,438</u>
<u>\$ 44,295,990</u>	<u>\$ 31,271,198</u>	<u>\$ 75,567,188</u>	<u>\$ 9,454,691</u>

This page intentionally left blank

Fund Financial Statements

This page intentionally left blank

Balance Sheet - Governmental Funds
At June 30, 2014

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Non Major Funds	
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,181,973	\$ 1,689,365	\$ 4,871,338
Restricted cash	3,969,947	2,587,462	1,838,353	8,395,762
Receivables (Net of allowances for uncollectibles):				
Taxes	7,923,154	-	-	7,923,154
Accounts	1,163,746	-	333,203	1,496,949
Prepaid items	-	-	7,019	7,019
Inventory and land held for resale	6,001,237	-	-	6,001,237
Due from other funds	9,148,704	279,781	-	9,428,485
Due from other governmental units	4,971,831	322	229,568	5,201,721
Total assets	\$ 33,178,619	\$ 6,049,538	\$ 4,097,508	\$ 43,325,665
LIABILITIES				
Accounts payable	\$ 3,213,875	\$ 283,778	\$ 344,479	\$ 3,842,132
Reconciled overdraft	1,182,980	-	-	1,182,980
Accrued salaries and withholdings payable	2,435,214	-	-	2,435,214
Deposits held	21,438	-	-	21,438
Unearned revenue	13,612	-	346,695	360,307
Due to other funds	-	-	250,071	250,071
Due to Component Unit School Board	295,388	3,070,486	-	3,365,874
Total liabilities	\$ 7,162,507	\$ 3,354,264	\$ 941,245	\$ 11,458,016
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	\$ 6,721,717	\$ -	\$ -	\$ 6,721,717
FUND BALANCE				
Nonspendable:				
Inventory and land held for resale	\$ 6,001,237	\$ -	\$ -	\$ 6,001,237
Cemetery Perpetual care and library	-	-	1,819,336	1,819,336
McKenney scholarships	-	-	19,017	19,017
Interfund loans	9,148,704	-	-	9,148,704
Prepaid items	-	-	7,019	7,019
Restricted:				
Grants	-	-	1,310,891	1,310,891
Debt service	3,969,947	-	-	3,969,947
Capital projects	-	2,695,274	-	2,695,274
Unassigned	174,507	-	-	174,507
Total fund balances	\$ 19,294,395	\$ 2,695,274	\$ 3,156,263	\$ 25,145,932
Total liabilities, deferred inflows of resources and fund balance	\$ 33,178,619	\$ 6,049,538	\$ 4,097,508	\$ 43,325,665
Fund balances above				\$ 25,145,932

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.	58,389,857
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(301,429)
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.	6,713,378
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.	(45,651,748)
Net position of General Government Activities	\$ 44,295,990

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

Statement of Revenues, Expenditures and Changes in Fund Balances --
 Governmental Funds
 Year Ended June 30, 2014

	Governmental Fund Types			Total Governmental Funds
	General	Capital Projects	Non- Major Funds	
Revenues:				
General property taxes	\$ 33,299,800	\$ -	\$ -	\$ 33,299,800
Other local taxes	11,694,985	-	-	11,694,985
Permits, privilege fees and regulatory licenses	570,939	-	-	570,939
Fines and forfeitures	714,870	-	-	714,870
Revenue from use of money and property	447,447	3,837	36,098	487,382
Charges for services	2,062,169	-	1,436,593	3,498,762
Miscellaneous	280,513	211,672	369,554	861,739
Recovered costs	1,150,019	-	39,680	1,189,699
Intergovernmental:				
Commonwealth	22,591,930	-	895,996	23,487,926
Federal	4,673,838	125,261	1,645,872	6,444,971
Total revenues	\$ 77,486,510	\$ 340,770	\$ 4,423,793	\$ 82,251,073
Expenditures:				
Current:				
General government administration	\$ 6,704,255	\$ 459,171	\$ -	\$ 7,163,426
Judicial administration	2,182,385	232,693	76,740	2,491,818
Public safety	25,936,001	156,061	1,392,053	27,484,115
Public works	10,003,139	408,456	1,006,193	11,417,788
Health and welfare	12,943,794	-	-	12,943,794
Education	9,767,357	959,202	131,750	10,858,309
Parks, recreation, and cultural	2,203,131	765,767	-	2,968,898
Community development	2,759,829	-	1,085,689	3,845,518
Nondepartmental	1,740,834	-	-	1,740,834
Debt service:				
Principal retirement	2,350,820	-	-	2,350,820
Interest and other fiscal charges	1,169,832	136,785	-	1,306,617
Total expenditures	\$ 77,761,377	\$ 3,118,135	\$ 3,692,425	\$ 84,571,937
Excess (deficiency) of revenues over (under) expenditures	\$ (274,867)	\$ (2,777,365)	\$ 731,368	\$ (2,320,864)
Other financing sources (uses):				
Transfers in	\$ -	\$ 259,178	\$ 610,883	\$ 870,061
Transfers (out)	(1,194,882)	(294,561)	(259,178)	(1,748,621)
Issuance of debt	-	2,330,000	-	2,330,000
Premium on debt	-	234,035	-	234,035
Issuance of capital leases	691,910	-	-	691,910
Total other financing sources (uses)	\$ (502,972)	\$ 2,528,652	\$ 351,705	\$ 2,377,385
Changes in fund balance	\$ (777,839)	\$ (248,713)	\$ 1,083,073	\$ 56,521
Fund balances at beginning of year	20,072,234	2,943,987	2,073,190	25,089,411
Fund balances at end of year	\$ 19,294,395	\$ 2,695,274	\$ 3,156,263	\$ 25,145,932

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, 2014

		<u>Primary Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	56,521
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.		
Capital asset additions	\$ 4,733,220	
Decrease in construction in progress	(635,528)	
Depreciation expense	<u>(3,681,214)</u>	416,478
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in deferred taxes.		1,094,616
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	\$ 2,350,820	
Reduction in landfill closure and post-closure care	6,206,677	
Issuance of debt and capital leases	<u>(3,021,910)</u>	5,535,587
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in compensated absences	\$ (73,009)	
Change in net OPEB obligation	(2,000)	
Change in accrued interest payable	<u>56,035</u>	<u>(18,974)</u>
Change in net position of governmental activities	\$	<u><u>7,084,228</u></u>

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

Statement of Net Position
 Proprietary Funds
 June 30, 2014

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 59,241	\$ -	\$ -	\$ 59,241
Restricted cash - SCWA - debt service	465,941	-	-	465,941
Receivables (net of allowance for uncollectibles):				
Accounts receivable	2,416,375	-	-	2,416,375
Due from other governmental units	-	82,434	-	82,434
Inventory	252,140	285,266	67,226	604,632
Total Current Assets	<u>\$ 3,193,697</u>	<u>\$ 367,700</u>	<u>\$ 67,226</u>	<u>\$ 3,628,623</u>
Capital assets (net of depreciation):				
Land	\$ 173,898	\$ 1,143,415	\$ 3,383,047	\$ 4,700,360
Construction in progress	4,256,404	162,713	51,050	4,470,167
Land improvements	-	-	632,702	632,702
Utility plant in service	15,019,655	-	-	15,019,655
Buildings and improvements	-	20,355,076	50,400	20,405,476
Water capacity rights	2,431,000	-	-	2,431,000
Vehicles	92,300	2,124,098	-	2,216,398
Equipment and machinery	170,702	241,375	-	412,077
Total capital assets (net of accumulated depreciation)	<u>\$ 22,143,959</u>	<u>\$ 24,026,677</u>	<u>\$ 4,117,199</u>	<u>\$ 50,287,835</u>
Total Assets	<u>\$ 25,337,656</u>	<u>\$ 24,394,377</u>	<u>\$ 4,184,425</u>	<u>\$ 53,916,458</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 432,797	\$ 124,246	\$ 52,839	\$ 609,882
Reconciled overdraft	-	1,569,274	544,147	2,113,421
Accrued salaries payable	160,999	146,860	13,719	321,578
Accrued interest payable	9,616	-	51,232	60,848
Unearned revenue	-	-	4,232	4,232
Due to other funds	672,676	6,480,355	2,025,383	9,178,414
Customers' deposits payable	558,208	-	-	558,208
Current portion of compensated absenses	6,424	6,624	1,357	14,405
Current portion of capital leases	28,615	11,178	11,153	50,946
Current portion of general obligation bonds	122,433	-	88,257	210,690
Total Current Liabilities	<u>\$ 1,991,768</u>	<u>\$ 8,338,537</u>	<u>\$ 2,792,319</u>	<u>\$ 13,122,624</u>
Noncurrent Liabilities:				
Noncurrent portion of compensated absenses	\$ 57,814	59,612	12,214	129,640
Noncurrent portion of capital leases	4,253,267	-	17,359	4,270,626
Noncurrent portion of general obligation bonds	976,539	-	4,145,831	5,122,370
Total Noncurrent Liabilities	<u>\$ 5,287,620</u>	<u>\$ 59,612</u>	<u>\$ 4,175,404</u>	<u>\$ 9,522,636</u>
Total Liabilities	<u>\$ 7,279,388</u>	<u>\$ 8,398,149</u>	<u>\$ 6,967,723</u>	<u>\$ 22,645,260</u>
NET POSITION				
Net investment in capital assets	\$ 16,763,105	\$ 24,015,499	\$ 293,549	\$ 41,072,153
Restricted for SCWA - debt service	465,941	-	-	465,941
Unrestricted	829,222	(8,019,271)	(3,076,847)	(10,266,896)
Total Net Position	<u>\$ 18,058,268</u>	<u>\$ 15,996,228</u>	<u>\$ (2,783,298)</u>	<u>\$ 31,271,198</u>
Total Liabilities and Net Position	<u>\$ 25,337,656</u>	<u>\$ 24,394,377</u>	<u>\$ 4,184,425</u>	<u>\$ 53,916,458</u>

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

Statement of Revenues, Expenses and Changes in Net Position --
 Proprietary Funds
 Year Ended June 30, 2014

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Operating revenues:				
Charges for services	\$ 8,921,486	\$ 527,374	\$ 701,000	\$ 10,149,860
Connection fees	181,469	-	-	181,469
Miscellaneous income	4,278	1,096	-	5,374
Total operating revenues	<u>\$ 9,107,233</u>	<u>\$ 528,470</u>	<u>\$ 701,000</u>	<u>\$ 10,336,703</u>
Operating expenses:				
Personal services	\$ 1,347,207	\$ 1,375,642	\$ 167,340	\$ 2,890,189
Fringe benefits	481,000	388,967	37,384	907,351
Contractual services	375,775	470,371	459,319	1,305,465
Wastewater treatment services	3,205,810	-	-	3,205,810
Water purchased for resale	1,051,999	-	-	1,051,999
Other charges	1,036,135	860,268	266,284	2,162,687
Depreciation	692,092	1,246,888	71,906	2,010,886
Total operating expenses	<u>\$ 8,190,018</u>	<u>\$ 4,342,136</u>	<u>\$ 1,002,233</u>	<u>\$ 13,534,387</u>
Operating income (loss)	<u>\$ 917,215</u>	<u>\$ (3,813,666)</u>	<u>\$ (301,233)</u>	<u>\$ (3,197,684)</u>
Nonoperating revenues (expenses):				
State grants	\$ -	\$ 965,937	\$ -	\$ 965,937
Federal grants	-	802,884	-	802,884
Interest income	1,335	-	-	1,335
Contribution to SCWA	(870,000)	-	-	(870,000)
Interest expense	(35,715)	(1,574)	(201,053)	(238,342)
Total nonoperating revenues (expenses)	<u>\$ (904,380)</u>	<u>\$ 1,767,247</u>	<u>\$ (201,053)</u>	<u>\$ 661,814</u>
Income (loss) before contributions and transfers	<u>\$ 12,835</u>	<u>\$ (2,046,419)</u>	<u>\$ (502,286)</u>	<u>\$ (2,535,870)</u>
Capital contributions and construction grants	\$ -	\$ 2,003,498	\$ -	\$ 2,003,498
Transfers in	152,731	484,556	241,273	878,560
Changes in net position	<u>\$ 165,566</u>	<u>\$ 441,635</u>	<u>\$ (261,013)</u>	<u>\$ 346,188</u>
Net position (deficit) at beginning of year	<u>17,892,702</u>	<u>15,554,593</u>	<u>(2,522,285)</u>	<u>30,925,010</u>
Net position (deficit) at end of year	<u><u>\$ 18,058,268</u></u>	<u><u>\$ 15,996,228</u></u>	<u><u>\$ (2,783,298)</u></u>	<u><u>\$ 31,271,198</u></u>

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

Statement of Cash Flows --
 Proprietary Funds
 Year Ended June 30, 2014

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 9,071,245	\$ 528,470	\$ 705,232	\$ 10,304,947
Payments to suppliers	(1,769,362)	(1,715,046)	(188,331)	(3,672,739)
Payments to employees (including fringe benefits)	(5,687,889)	(1,268,082)	(757,056)	(7,713,027)
Net cash provided by (used for) operating activities	\$ 1,613,994	\$ (2,454,658)	\$ (240,155)	\$ (1,080,819)
Cash flows from capital and related financing activities:				
Purchase and construction of capital assets	\$ (4,500,715)	\$ (1,932,343)	\$ (108,958)	\$ (6,542,016)
Capital grants and contributions	-	2,003,498	-	2,003,498
Interest expense	(37,084)	(1,574)	(198,590)	(237,248)
Contribution to SCWA	(870,000)	-	-	(870,000)
Proceeds from general obligation bonds	-	-	490,000	490,000
Proceeds from capital lease obligations	4,256,403	-	-	4,256,403
Retirement of indebtedness	(159,648)	(39,724)	(79,492)	(278,864)
Net cash provided by (used for) capital and related financing activities	\$ (1,311,044)	\$ 29,857	\$ 102,960	\$ (1,178,227)
Cash flows from noncapital financing activities:				
State and federal grants	\$ -	\$ 1,763,763	\$ -	\$ 1,763,763
Negative cash balances implicitly financed	-	1,569,274	544,147	2,113,421
Transfers (to) and from other funds	152,731	484,556	241,273	878,560
Net cash provided by (used for) noncapital financing activities	\$ 152,731	\$ 3,817,593	\$ 785,420	\$ 4,755,744
Cash flows from investing activities:				
Interest income	\$ 1,335	\$ -	\$ -	\$ 1,335
Increase in cash and cash equivalents	\$ 457,016	\$ 1,392,792	\$ 648,225	\$ 2,498,033
Cash and cash equivalents at beginning of year	68,166	(1,392,792)	(648,225)	(1,972,851)
Cash and cash equivalents at end of year	\$ 525,182	\$ -	\$ -	\$ 525,182
Reconciliation of operating income to net cash provided by (used for) operating activities:	-			
Operating income (loss)	\$ 917,215	\$ (3,813,666)	\$ (301,233)	\$ (3,197,684)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation	\$ 692,092	\$ 1,246,888	\$ 71,906	\$ 2,010,886
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable and due from other governments	(26,146)	-	-	(26,146)
Inventory	(34,805)	28,778	(15,480)	(21,507)
Increase (decrease) in:				
Accounts payable and accrued expenses	75,480	74,974	(8,220)	142,234
Customer deposits	(9,842)	-	-	(9,842)
Unearned revenue	-	-	4,232	4,232
Compensated absences	-	8,368	8,640	17,008
Total adjustments	\$ 696,779	\$ 1,359,008	\$ 61,078	\$ 2,116,865
Net cash provided by (used for) operating activities	\$ 1,613,994	\$ (2,454,658)	\$ (240,155)	\$ (1,080,819)
Reconciliation of Cash to Statement of Net Position:				
Cash and cash equivalents	\$ 59,241	\$ -	\$ -	\$ 59,241
Restricted cash - SCWA - debt service	465,941	-	-	465,941
Negative cash balances implicitly financed	-	1,569,274	544,147	2,113,421
Reconciled overdraft	-	(1,569,274)	(544,147)	(2,113,421)
Total cash and cash equivalents at end of year	\$ 525,182	\$ -	\$ -	\$ 525,182

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

Statement of Fiduciary Net Position - Fiduciary Funds
At June 30, 2014

	<u>Hospital Trust Fund</u>		<u>Agency Funds</u>
	<u>Private- Purpose Trust</u>		
ASSETS			
Cash and cash equivalents	\$ 550,339	\$	616,082
Land held for resale	-		2,500,000
	<u>550,339</u>		<u>2,500,000</u>
Total assets	<u>\$ 550,339</u>	<u>\$</u>	<u>3,116,082</u>
LIABILITIES			
Accounts payable	\$ 135,000	\$	-
Amounts held for others	-		616,082
Note payable	-		2,500,000
	<u>135,000</u>		<u>2,500,000</u>
Total liabilities	<u>\$ 135,000</u>	<u>\$</u>	<u>3,116,082</u>
NET POSITION			
Held for hospitalization care for welfare recipients	<u>415,339</u>		<u>-</u>
Total liabilities and net position	<u>\$ 550,339</u>	<u>\$</u>	<u>3,116,082</u>

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
 Year Ended June 30, 2014

	Hospital Trust Fund <u>Private- Purpose Trust</u>
Additions	
Investment income	\$ <u>9,886</u>
Change in net position	\$ 9,886
Net position - beginning of the year	<u>405,453</u>
Net position - end of the year	<u><u>\$ 415,339</u></u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014

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, 2014.

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, 2014.

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

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

C. Other Related Organizations

Included in the City's Comprehensive Annual Financial Report

None

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

C. Other Related Organizations: (Continued)

Excluded from the City's Comprehensive Annual Financial Report

Joint Ventures

South Central Wastewater Authority

The South Central Wastewater Authority is considered a joint venture and therefore its operations are not included in the City's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase wastewater treatment services from the Authority at prescribed rates and capacity levels. Based on the City's capacity level of 10.5 million gallons out of total capacity of 20 million gallons, the City retains an on-going financial responsibility for the joint venture due to this requirement. The City's expenditures for wastewater treatment services for the year ended June 30, 2014 were \$3,205,810 and amortization of prepaid debt service totaled \$870,000. The City does not retain a financial interest in the SCWA.

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

Riverside Regional Jail Authority

The Riverside Regional Jail Authority is considered a joint venture and therefore its operations are not included in the City's financial statements. The Counties of Charles City, Chesterfield, Prince George and Surry and the Cities of Petersburg, Colonial Heights and Hopewell each appoint one member to the seven member board. Each participating entity is required to commit prisoners and pay the established per diem charge in accordance with its service agreement with the RRJA. The City's expenditures for confinement services for the year ended June 30, 2014 were \$1,139,440. The City does not retain a financial interest in the RRJA.

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

Appomattox River Water Authority

The Appomattox River Water Authority is considered a joint venture and therefore its operations are not included in the City's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase water in accordance with its service agreement with the ARWA. The City's expenses for water purchased for the year ended June 30, 2014 were \$1,051,999. The City does not retain a financial interest in the ARWA.

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

C. Other Related Organizations: (Continued)

Jointly Governed Organizations

Central Virginia Waste Management Authority

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

Appomattox Basin Industrial Development Corporation

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

District 19 Community Services Board

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

Related Organizations

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

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 (government 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).

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 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

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

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

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.

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.

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

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. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not specifically restricted to the various programs are reported as general revenues. The City does not allocate indirect expenses. Operating grants presented include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

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

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.
- 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.

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

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

1. 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.

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

E. Budgets and Budgetary Accounting

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

E. Budgets and Budgetary Accounting: (Continued)

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).

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."

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

H. Receivables and Payables: (Continued)

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 \$2,327,873 at June 30, 2014 and is comprised of the following:

Property taxes - General Fund	\$	813,688
Refuse and consumer's utility taxes - General Fund		171,254
Stormwater fees - Grants Fund		82,069
Public Utility Accounts		1,260,862
Total	\$	<u>2,327,873</u>

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

I. South Central Wastewater Authority Water Capacity Rights

The City participates in the South Central Wastewater Authority joint venture. The SCWA was established when the City transferred its investment in its wastewater treatment assets, net of the related debt of approximately \$19 million, in exchange for 10.5 million gallons of capacity valued at \$1 million per 1 million gallons of capacity and a payment of \$9.5 million. The purchase proceeds were placed in escrow to create a rate stabilization fund for Petersburg to retire its share of the SCWA public improvement bond issue. This escrow is held by SCWA. The City maintained 10.5 million gallons of capacity or 52.5% of the plant's total capacity. The joint venture agreement does not state that the City is to share in the profits and losses of SCWA, and there is no explicit, measurable equity interest in SCWA. The City reports the escrowed proceeds as a restricted asset and the water capacity rights as an intangible capital asset. At June 30, 2014 the City has Restricted Assets totaling \$465,941 in its public utility fund.

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, 2014.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

J. Capital Assets: (Continued)

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

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

K. Compensated Absences

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

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

L. Retirement Plan

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

M. Property Taxes

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

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

M. Property Taxes: (Continued)

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

N. Inventory and Land Held for Resale

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

O. Long-term Obligations

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

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

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

P. Fund Equity

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;

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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, 2014.

As of June 30, 2014, there was a deficit net position in the Golf Course Fund (\$2,783,298). It is expected that future operating revenues will remediate the deficits in these Funds.

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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

R. Internal and Intra-entity Activity: (Continued)

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

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

S. Restricted Cash

The City has governmental fund restricted cash amounts in its Capital Projects Fund, which consists of unexpended bond proceeds, and in Permanent Funds which are restricted of amounts held for cemetery and other purposes. Restricted cash amounts in the Public Utility Fund are to be used for fund South Central Wastewater Authority debt service amounts through fiscal year ending June 30, 2014. The amount paid during FY 2014 is \$870,000.

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 does not have any deferred outflows of resources as of June 30, 2014.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

V. Deferred Outflows/Inflows of Resources: (Continued)

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. The City has one type of item that qualifies for reporting in this category. 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 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. This also includes uncollected property taxes due prior to June 30. Under the accrual basis, 2nd amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

Note 2—Deposits and Investments:

Deposits

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

Investments

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

Custodial Credit Risk (Investments)

The City’s investment policy provides that securities purchased for the City shall be held by the City Treasury or by the Treasurer’s custodian. If held by a custodian, the securities must be in the City’s name or in the custodian’s nominee name and identifiable on the custodian’s books as belonging to the City. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller) to the transaction. At June 30, 2014 all of the City’s investments were held in accordance with this policy.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The City’s investment policy is to follow the legal limits set forth in the Code of Virginia, 2.2-45, Investment of Public Funds Act, which describes the types of investments permitted. The City has not established credit risk limits for each category of investment; however, the City has an emphasis on high credit quality and known marketability. The City has contracted with investment advisors to ensure compliance. The City’s rated debt investments as of June 30, 2014 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

City’s Rated Debt Investment Values

Rated Debt Investments	Fair Quality Ratings				
	AAAm	AAA	AA+	AA-	A-
Primary Government:					
Local Government Investment Pool	\$ 524,226	\$ -	\$ -	\$ -	\$ -
Virginia State Non-Arbitrage Program (SNAP)	2,587,462	-	-	-	-
U.S. Savings Bonds	-	2,000	-	-	-
Fixed income	-	-	-	413,744	206,348
Municipal public bonds	-	-	215,554	-	77,381
U.S. Agency Securities	-	-	764,258	-	-
Total Primary Government investments	<u>\$ 3,111,688</u>	<u>\$ 2,000</u>	<u>\$ 979,812</u>	<u>\$ 413,744</u>	<u>\$ 283,729</u>

Interest Rate Risk

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

Investment Type	Investment Maturities (in years)				
	Fair Value	<1 Year	1-5 Years	6-10 Years	Greater than 10 Years
Primary Government:					
Local Government Investment Pool	\$ 524,226	\$ 524,226	\$ -	\$ -	\$ -
Virginia State Non-Arbitrage Program (SNAP)	2,587,462	2,587,462	-	-	-
U.S. Savings Bonds	2,000	-	-	-	2,000
Municipal public bonds	292,935	-	292,935	-	-
Fixed income	620,092	-	620,092	-	-
U.S. Agency Securities	764,258	-	764,258	-	-
Total Primary Government investments	<u>\$ 4,790,973</u>	<u>\$ 3,111,688</u>	<u>\$ 1,677,285</u>	<u>\$ -</u>	<u>\$ 2,000</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 2—Deposits and Investments: (Continued)

External Investment Pools

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

Foreign Currency Risk

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

Concentration of Credit Risk

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

Note 3—Due From Other Governmental Units:

At June 30, 2014 the City has receivables from other governments as follows:

	Primary Government	
	Governmental Funds	Proprietary Funds
Commonwealth of Virginia:		
Local sales taxes	\$ 556,604	\$ -
Miscellaneous grants	331,362	-
Shared expenses	419,090	-
Public assistance and welfare administration	241,557	-
Comprehensive services	467,047	-
Mass Transit	-	2,665
PPTRA	2,294,331	-
Communications tax	311,694	-
Federal Government:		
Public assistance and welfare administration	350,468	-
Community Development Block Grant	103,600	-
Miscellaneous grants	125,968	-
Mass Transit	-	79,769
Total due from other governments	<u>\$ 5,201,721</u>	<u>\$ 82,434</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

Individual fund and interfund receivable and payable balances related to working capital loans at June 30, 2014 are presented below:

<u>Fund</u>	<u>Due from Other Funds/ Component Unit</u>	<u>Due to Other Funds/ Component Unit</u>
Interfund Balances:		
General	\$ 9,148,704	\$ -
Capital projects	279,781	-
Enterprise:		
Public Utility	-	672,676
Mass Transit	-	6,480,355
Golf Course	-	2,025,383
Non-major funds:		
Blandford Cemetery Perpetual Care	-	250,071
	<u> </u>	<u> </u>
Total	\$ <u>9,428,485</u>	\$ <u>9,428,485</u>
Reporting Entity:		
Primary Government - General Fund	\$ -	\$ 295,388
Primary Government - Capital Projects Fund	-	3,070,486
School Board	3,365,874	-
	<u> </u>	<u> </u>
Total	\$ <u>3,365,874</u>	\$ <u>3,365,874</u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

Interfund Transfers

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Major Funds:		
General	\$ -	\$ 1,194,882
General - to Mass Transit		
Capital Projects - to Public Utility Fund		
Capital Projects	259,178	294,561
Enterprise:		
Public Utility		
Mass Transit		
Enterprise:		
Public Utility	152,731	
Mass Transit	484,556	-
Golf Course	241,273	-
Nonmajor Funds:		
Community Development Act Fund	-	259,178
Federal and State Grants Fund	610,883	-
Total	<u>\$ 1,748,621</u>	<u>\$ 1,748,621</u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Inventory:

At June 30, 2014 the City has inventory recorded in the various funds as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Expendable supplies	\$ 161,185	\$ 604,632
Land and building inventory held for resale:		
324 Commercial/residential lots owned in the City	5,807,871	-
8 Commercial buildings owned in Dinwiddie County	32,181	-
Totals	<u>\$ 6,001,237</u>	<u>\$ 604,632</u>

The following is a summary of changes in inventory held for resale for the fiscal year ended June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Purchases</u>	<u>Sales</u>	<u>Balance June 30, 2014</u>
Land and building inventory held for resale:				
324 Commercial/residential lots owned in the City	\$ 5,071,468	\$ 771,319	\$ 34,916	\$ 5,807,871
8 Commercial buildings owned in Dinwiddie County	32,181	-	-	32,181
Totals	<u>\$ 5,103,649</u>	<u>\$ 771,319</u>	<u>\$ 34,916</u>	<u>\$ 5,840,052</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 6—Capital Assets:

Primary Government:

The following is a summary of changes in governmental capital assets for the fiscal year ended June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,046,998	\$ -	\$ -	\$ 6,046,998
Construction in progress - city projects	522,729	1,299,360	1,344,779	477,310
Construction in progress - school projects	1,589,935	1,057,202	1,647,311	999,826
Total capital assets not being depreciated	<u>\$ 8,159,662</u>	<u>\$ 2,356,562</u>	<u>\$ 2,992,090</u>	<u>\$ 7,524,134</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 72,195,454	\$ 1,980,135	\$ -	\$ 74,175,589
Infrastructure	106,465,533	957,654	-	107,423,187
Vehicles	10,729,450	1,099,379	-	11,828,829
Equipment (other than vehicles)	10,968,104	696,052	-	11,664,156
Total capital assets being depreciated	<u>\$ 200,358,541</u>	<u>\$ 4,733,220</u>	<u>\$ -</u>	<u>\$ 205,091,761</u>
Accumulated depreciation:				
Buildings and improvements	\$ 39,190,340	\$ 1,566,687	\$ -	\$ 40,757,027
Infrastructure	94,186,352	548,354	-	94,734,706
Vehicles	9,407,582	531,635	-	9,939,217
Equipment (other than vehicles)	7,760,550	1,034,538	-	8,795,088
Total accumulated depreciation	<u>\$ 150,544,824</u>	<u>\$ 3,681,214</u>	<u>\$ -</u>	<u>\$ 154,226,038</u>
Total capital assets being depreciated, net	<u>\$ 49,813,717</u>	<u>\$ 1,052,006</u>	<u>\$ -</u>	<u>\$ 50,865,723</u>
Governmental Activities capital assets, net	<u>\$ 57,973,379</u>	<u>\$ 3,408,568</u>	<u>\$ 2,992,090</u>	<u>\$ 58,389,857</u>
Reconciliation of primary government net position net investment in capital assets:				
Net capital assets				<u>\$ 58,389,857</u>
Long-term debt applicable to capital assets:				
General obligation bonds			\$ 29,432,511	
School Literary Fund loan			3,025,000	
School Qualified Zone Academy Bonds (SQZAB's)			6,795,695	
Cash deposited in School Qualified Zone Academy Bonds Funds			(3,969,947)	
Note payable			1,346,407	
Capital lease			1,883,854	38,513,520
Less-debt proceeds received but not expended on capital assets at year end				<u>(2,585,170)</u>
Net long-term debt, as adjusted				<u>\$ 35,928,350</u>
Net investment in capital assets				<u>\$ 22,461,507</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a summary of changes in Public Utility Fund capital assets for the fiscal year ended June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Business-type Activities:				
Public Utility Fund:				
Capital assets, not being depreciated:				
Land	\$ 173,898	\$ -	\$ -	\$ 173,898
Construction in progress	<u>2,959,066</u>	<u>4,409,134</u>	<u>3,111,796</u>	<u>4,256,404</u>
Total capital assets not being depreciated	<u>\$ 3,132,964</u>	<u>\$ 4,409,134</u>	<u>\$ 3,111,796</u>	<u>\$ 4,430,302</u>
Capital assets being depreciated:				
Utility plant in service	\$ 26,955,723	\$ 3,117,226	\$ -	\$ 30,072,949
Water capacity rights	4,420,000	-	-	4,420,000
Vehicles	1,099,291	44,662	-	1,143,953
Equipment and machinery	<u>1,265,478</u>	<u>41,489</u>	<u>-</u>	<u>1,306,967</u>
Total capital assets being depreciated	<u>\$ 33,740,492</u>	<u>\$ 3,203,377</u>	<u>\$ -</u>	<u>\$ 36,943,869</u>
Accumulated depreciation:				
Utility plant in service	\$ 14,574,200	\$ 479,094	\$ -	\$ 15,053,294
Water capacity rights	1,878,500	110,500	-	1,989,000
Vehicles	990,587	61,066	-	1,051,653
Equipment and machinery	<u>1,094,834</u>	<u>41,431</u>	<u>-</u>	<u>1,136,265</u>
Total accumulated depreciation	<u>\$ 18,538,121</u>	<u>\$ 692,091</u>	<u>\$ -</u>	<u>\$ 19,230,212</u>
Total capital assets being depreciated, net	<u>\$ 15,202,371</u>	<u>\$ 2,511,286</u>	<u>\$ -</u>	<u>\$ 17,713,657</u>
Public Utility Fund capital assets, net	<u>\$ 18,335,335</u>	<u>\$ 6,920,420</u>	<u>\$ 3,111,796</u>	<u>\$ 22,143,959</u>
Reconciliation of Public Utility Fund net position net investment in capital				
Net capital assets				<u>\$ 22,143,959</u>
Long-term debt applicable to capital assets:				
General obligation bonds		\$ 1,098,972		
Capital lease		<u>4,281,882</u>		<u>5,380,854</u>
Net long-term debt, as adjusted				<u>\$ 5,380,854</u>
Net investment in capital assets				<u>\$ 16,763,105</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a summary of changes in Mass Transit Fund capital assets for the fiscal year ended June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Business-type Activities:				
Mass Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,143,415	\$ -	\$ -	\$ 1,143,415
Construction in progress	<u>-</u>	<u>162,713</u>	<u>-</u>	<u>162,713</u>
Total capital assets not being depreciated	<u>\$ 1,143,415</u>	<u>\$ 162,713</u>	<u>\$ -</u>	<u>\$ 1,306,128</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 24,573,925	\$ 71,091	\$ -	\$ 24,645,016
Vehicles	3,774,850	1,655,310	-	5,430,160
Equipment and machinery	<u>673,642</u>	<u>43,229</u>	<u>-</u>	<u>716,871</u>
Total capital assets being depreciated	<u>\$ 29,022,417</u>	<u>\$ 1,769,630</u>	<u>\$ -</u>	<u>\$ 30,792,047</u>
Accumulated depreciation:				
Buildings and improvements	\$ 3,605,479	\$ 684,461	\$ -	\$ 4,289,940
Vehicles	2,834,038	472,024	-	3,306,062
Equipment and machinery	<u>385,093</u>	<u>90,403</u>	<u>-</u>	<u>475,496</u>
Total accumulated depreciation	<u>\$ 6,824,610</u>	<u>\$ 1,246,888</u>	<u>\$ -</u>	<u>\$ 8,071,498</u>
Total capital assets being depreciated, net	<u>\$ 22,197,807</u>	<u>\$ 522,742</u>	<u>\$ -</u>	<u>\$ 22,720,549</u>
Mass Transit Fund capital assets, net	<u>\$ 23,341,222</u>	<u>\$ 685,455</u>	<u>\$ -</u>	<u>\$ 24,026,677</u>
Reconciliation of Mass Transit Fund net position net investment in capital assets:				
Net capital assets				\$ 24,026,677
Long-term debt applicable to capital assets:				
Capital lease				<u>11,178</u>
Net investment in capital assets				<u>\$ 24,015,499</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a summary of changes in Golf Course Fund capital assets for the fiscal year ended June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Business-type Activities:				
Golf Course				
Capital assets, not being depreciated:				
Land	\$ 3,383,047	\$ -	\$ -	\$ 3,383,047
Construction in progress	<u>-</u>	<u>51,050</u>	<u>-</u>	<u>51,050</u>
Total capital assets not being depreciated	<u>\$ 3,383,047</u>	<u>\$ 51,050</u>	<u>\$ -</u>	<u>\$ 3,434,097</u>
Capital assets being depreciated:				
Land improvements	\$ 931,641	\$ 108,958	\$ -	\$ 1,040,599
Buildings and improvements	<u>56,000</u>	<u>-</u>	<u>-</u>	<u>56,000</u>
Total capital assets being depreciated	<u>\$ 987,641</u>	<u>\$ 108,958</u>	<u>\$ -</u>	<u>\$ 1,096,599</u>
Accumulated depreciation:				
Land improvements	\$ 338,792	\$ 69,105	\$ -	\$ 407,897
Buildings and improvements	<u>2,800</u>	<u>2,800</u>	<u>-</u>	<u>5,600</u>
Total accumulated depreciation	<u>\$ 341,592</u>	<u>\$ 71,905</u>	<u>\$ -</u>	<u>\$ 413,497</u>
Total capital assets being depreciated, net	<u>\$ 646,049</u>	<u>\$ 37,053</u>	<u>\$ -</u>	<u>\$ 683,102</u>
Golf Course Fund capital assets, net	<u>\$ 4,029,096</u>	<u>\$ 88,103</u>	<u>\$ -</u>	<u>\$ 4,117,199</u>
Reconciliation of Golf Course Fund net position net investment in capital assets:				
Net capital assets				<u>\$ 4,117,199</u>
Long-term debt applicable to capital assets:				
General obligation bonds		\$ 4,234,088		
Capital lease		<u>28,512</u>		4,262,600
Less-debt proceeds received but not expended on capital assets at year end				<u>(438,950)</u>
Net long-term debt, as adjusted				<u>\$ 3,823,650</u>
Net investment in capital assets				<u>\$ 293,549</u>
Total Business-type Activities capital assets, net	<u>\$ 45,705,653</u>	<u>\$ 7,693,978</u>	<u>\$ 3,111,796</u>	<u>\$ 50,287,835</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	\$ 46,329
Judicial administration	97,711
Public safety	699,237
Public works	2,276,714
Health and welfare	87,424
Education	390,418
Parks, recreation and cultural	70,395
Community development	<u>12,986</u>
Total Governmental activities	\$ <u><u>3,681,214</u></u>
Business-type activities:	
Public Utility Fund	\$ 692,091
Mass Transit Fund	1,246,888
Golf Course Fund	<u>71,905</u>
Total Business-type activities	\$ <u><u>2,010,884</u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations:

Primary Government

Governmental Activities

The following is a summary of governmental long-term obligation transactions of the City for the year ended June 30, 2014:

<u>Description</u>	<u>Balance July 1, 2013</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Long-term obligation transactions:					
General obligation bonds	\$ 27,807,281	\$ 2,330,000	\$ 704,770	\$ 29,432,511	\$ 850,898
School Literary Fund loan	3,450,000	-	425,000	3,025,000	425,000
School Qualified Zone Academy Bonds	6,795,695	-	-	6,795,695	-
Note payable	1,971,081	-	624,674	1,346,407	651,472
Capital leases	1,788,320	691,910	596,376	1,883,854	591,996
Landfill closure and post- closure liability	6,206,677	-	6,206,677	-	-
Net OPEB obligation	695,000	189,000	187,000	697,000	-
Compensated absences	2,398,272	458,748	385,739	2,471,281	247,128
 Total Governmental Activities long-term obligations	 \$ 51,112,326	 \$ 3,669,658	 \$ 9,130,236	 \$ 45,651,748	 \$ 2,766,494
Short-term obligation transactions:					
Anticipation notes	-	5,000,000	5,000,000	-	-
 Total Governmental Activities obligations	 \$ 51,112,326	 \$ 8,669,658	 \$ 14,130,236	 \$ 45,651,748	 \$ 2,766,494
Reconciliation to Exhibit 1:					
Long-term liabilities due within one year:				\$ 2,766,494	
Long-term liabilities due in more than one year:				<u>42,885,254</u>	
 Total long-term obligations				 <u>\$ 45,651,748</u>	

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Annual requirements to amortize governmental activities obligations outstanding as of June 30, 2014 are as follows:

Year Ending June 30,	General Obligation Bonds		Literary Loans		Note Payable		Qualified Zone Academy Bonds	Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2015	\$ 850,898	\$ 948,320	\$ 425,000	\$ 60,500	\$ 651,472	\$ 51,806	\$ -	\$ 591,996	\$ 36,079
2016	1,032,179	928,907	425,000	52,000	694,935	26,398	1,400,000	497,682	21,849
2017	1,794,049	897,198	425,000	43,500	-	-	600,000	366,849	12,214
2018	1,862,449	857,442	425,000	35,000	-	-	-	355,361	5,936
2019	1,857,960	818,219	425,000	26,500	-	-	2,142,167	71,966	636
2020	1,920,885	776,158	425,000	18,000	-	-	-	-	-
2021	2,299,710	723,217	425,000	9,500	-	-	1,536,671	-	-
2022	2,360,037	660,236	50,000	1,000	-	-	-	-	-
2023	2,385,350	595,068	-	-	-	-	1,116,857	-	-
2024	1,408,089	544,675	-	-	-	-	-	-	-
2025	1,443,742	508,677	-	-	-	-	-	-	-
2026	1,475,732	471,548	-	-	-	-	-	-	-
2027	1,515,814	432,323	-	-	-	-	-	-	-
2028	1,037,483	391,308	-	-	-	-	-	-	-
2029	559,966	354,013	-	-	-	-	-	-	-
2030	586,948	330,548	-	-	-	-	-	-	-
2031	608,951	273,426	-	-	-	-	-	-	-
2032	528,349	215,381	-	-	-	-	-	-	-
2033	545,248	189,413	-	-	-	-	-	-	-
2034	569,761	161,904	-	-	-	-	-	-	-
2035	412,500	137,346	-	-	-	-	-	-	-
2036	437,000	115,763	-	-	-	-	-	-	-
2037	453,250	92,549	-	-	-	-	-	-	-
2038	481,000	68,373	-	-	-	-	-	-	-
2039	500,500	42,801	-	-	-	-	-	-	-
2040	504,662	16,182	-	-	-	-	-	-	-
Total	\$ 29,432,511	\$ 11,550,998	\$ 3,025,000	\$ 246,000	\$ 1,346,407	\$ 78,204	\$ 6,795,695	\$ 1,883,854	\$ 76,715

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations as of June 30, 2014 are as follows:

<u>Original Amount</u>	<u>Description</u>	<u>Outstanding Amount at June 30, 2014</u>
General Obligation Bonds:		
\$ 396,000	Series 2010 general obligation bonds due in semi-annual installments of \$13,401 through October 2031, interest at 2.93%	\$ 364,330
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)	1,483,326
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)	3,738,944
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)	6,885,911
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	6,635,000
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	1,530,000
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)	2,330,000
1,275,000	VML / VACO Recovery Act Bonds issued November 13, 2009, due in various annual installments ranging from \$30,000 to \$70,000 through March 15, 2040	1,185,000
	Total general obligation bonds	<u>\$ 29,432,511</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2014
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%	\$ 2,625,000
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%	400,000
	Total State Literary Fund Loans	<u>\$ 3,025,000</u>
Qualified Zone Academy Bonds:		
1,400,000	(1) Series 2001 issued December 14, 2001, due in annual installments of \$70,000 through December 15, 2014, final payment of \$204,750 due December 15, 2015	\$ 1,400,000
600,000	(2) Series 2002 issued December 27, 2002, due in annual installments of \$34,124 through December 15, 2016	600,000
2,142,167	(3) Series 2003 issued December 29, 2003, due in annual installments of \$107,700 through December 29, 2017, final payment of \$182,500 due December 29, 2018	2,142,167
1,536,671	(4) Series 2004 issued December 30, 2004, due in annual installments of \$78,329 through December 30, 2019, final payment of \$153,667 due December 30, 2020	1,536,671
1,116,857	(5) Series 2006 issued October 31, 2006, due in annual installments of \$54,300 through October 31, 2022, final payment of \$111,686 due October 31, 2022	<u>1,116,857</u>
	Total Qualified Zone Academy Bonds	<u>\$ 6,795,695</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2014
	Note Payable:	
	Issued December 8, 2005 for acquisition of 800 MHz Communications System; due in annual installments of \$703,277 through January 9, 2016; interest at 3.9%	\$ 1,346,407
\$ 5,732,712		<u>\$ 1,346,407</u>
	Note Payable	\$ 1,346,407
	Other Obligations:	
	Capital leases	1,883,854
	Net OPEB obligation	697,000
	Compensated absences	<u>2,471,281</u>
	Total governmental activities obligations	<u>\$ 45,651,748</u>

- (1) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 3.79% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$1,400,000.
- (2) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 3.40% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$600,000.
- (3) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 3.40% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$2,142,167.
- (4) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 2.0% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$1,536,671.
- (5) Annual payments are made to a sinking fund. Interest is earned yearly on sinking fund deposits. Upon payment of each sinking fund deposit, an amount equal to the deposit plus interest earned to date at 2.57% shall be deemed to be defeased. Upon maturity, the balance of the sinking fund will fully redeem the principal balance of \$1,116,857.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Business-type Activities

The following is a summary of proprietary long-term obligation transactions of the City for the year ended June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Public Utility Fund:					
General obligation bonds	\$ 1,218,511	\$ -	\$ 119,539	\$ 1,098,972	\$ 122,433
Capital lease obligations *	65,588	4,256,403	40,109	4,281,882	28,615
Compensated absences	<u>65,502</u>	<u>12,847</u>	<u>14,111</u>	<u>64,238</u>	<u>6,424</u>
Total Public Utility fund	<u>\$ 1,349,601</u>	<u>\$ 4,269,250</u>	<u>\$ 173,759</u>	<u>\$ 5,445,092</u>	<u>\$ 157,472</u>
Mass Transit Fund:					
Capital lease obligations	\$ 50,902	\$ -	\$ 39,724	\$ 11,178	\$ 11,178
Compensated absences	<u>57,868</u>	<u>18,740</u>	<u>10,372</u>	<u>66,236</u>	<u>6,624</u>
Total Mass Transit fund	<u>\$ 108,770</u>	<u>\$ 18,740</u>	<u>\$ 50,096</u>	<u>\$ 77,414</u>	<u>\$ 17,802</u>
Golf Course Fund:					
General obligation bonds	\$ 3,812,750	\$ 490,000	\$ 68,662	\$ 4,234,088	\$ 88,257
Capital lease obligations	39,342	-	10,830	28,512	11,153
Compensated absences	<u>4,931</u>	<u>10,571</u>	<u>1,931</u>	<u>13,571</u>	<u>1,357</u>
Total Golf Course fund	<u>\$ 3,857,023</u>	<u>\$ 500,571</u>	<u>\$ 81,423</u>	<u>\$ 4,276,171</u>	<u>\$ 100,767</u>
Total Business-type Activities	<u>\$ 5,315,394</u>	<u>\$ 4,788,561</u>	<u>\$ 305,278</u>	<u>\$ 9,798,677</u>	<u>\$ 276,041</u>

* see note attached on proceeds received and entire obligation at June 30, 2014

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Details of long-term obligations transactions as of June 30, 2014:

Original Amount	Description	Outstanding Amount at June 30, 2014
	Public Utility Fund:	
	General Obligation Bonds:	
\$ 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)	\$ 484,916
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)	614,056
	Total general obligation bonds	\$ 1,098,972
	Capital Leases	4,281,882
	Compensated absences	64,238
	Total Public Utility Fund	\$ 5,445,092
	Mass Transit Fund:	
	Capital Leases	\$ 11,178
	Compensated absences	66,236
	Total Mass Transit Fund	\$ 77,414
	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)	\$ 3,744,088
\$ 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)	490,000
	Total general obligation bonds	\$ 4,234,088
	Capital Leases	28,512
	Compensated absences	13,571
	Total Golf Course Fund	\$ 4,276,171
	Total business-type activities	\$ 9,798,677

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize business-type activities obligations outstanding as of June 30, 2014 are as follows:

Year Ending June 30,	General Obligation Bonds				Capital Leases					
	Public Utility Fund		Golf Course Fund		Public Utility Fund		Mass Transit Fund		Golf Course Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 122,433	\$ 31,009	\$ 88,257	\$ 201,813	\$ 28,615	\$ 224,567	\$ 11,178	\$ 84	\$ 11,153	\$ 691
2016	126,810	27,952	91,757	197,669	236,376	211,724	-	-	11,487	358
2017	129,849	24,799	96,126	193,335	280,287	167,460	-	-	5,872	51
2018	119,226	20,938	101,376	188,706	295,809	157,743	-	-	-	-
2019	56,426	18,547	105,745	183,785	230,231	147,959	-	-	-	-
2020	61,363	16,639	111,863	178,517	253,594	141,292	-	-	-	-
2021	155,736	13,122	117,982	172,793	362,780	130,147	-	-	-	-
2022	160,814	7,994	124,101	166,807	375,309	117,618	-	-	-	-
2023	166,315	2,694	130,220	160,605	388,270	104,657	-	-	-	-
2024	-	-	136,339	154,107	401,679	91,248	-	-	-	-
2025	-	-	143,326	147,321	415,551	77,376	-	-	-	-
2026	-	-	149,445	140,229	429,902	63,025	-	-	-	-
2027	-	-	158,183	132,686	444,748	48,179	-	-	-	-
2028	-	-	166,051	124,748	460,107	32,820	-	-	-	-
2029	-	-	173,920	116,477	473,339	16,949	-	-	-	-
2030	-	-	182,658	107,939	241,424	2,400	-	-	-	-
2031	-	-	191,395	99,112	-	-	-	-	-	-
2032	-	-	199,264	89,860	-	-	-	-	-	-
2033	-	-	209,752	80,167	-	-	-	-	-	-
2034	-	-	220,239	69,925	-	-	-	-	-	-
2035	-	-	192,500	60,048	-	-	-	-	-	-
2036	-	-	203,000	50,415	-	-	-	-	-	-
2037	-	-	211,750	40,150	-	-	-	-	-	-
2038	-	-	224,000	29,367	-	-	-	-	-	-
2039	-	-	234,500	18,018	-	-	-	-	-	-
2040	-	-	270,338	6,106	-	-	-	-	-	-
Total	\$ 1,098,972	\$ 163,694	\$ 4,234,088	\$ 3,110,707	\$ 5,318,018	\$ 1,735,165	\$ 11,178	\$ 84	\$ 28,512	\$ 1,100

*

* At June 30, 2014 \$4,256,403 has been received from a total obligation of \$5,289,403

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Capital Leases:			
\$331,200 issued December 1, 2010 for the purchase of twelve Ford Crown Vic for Police Interceptors for the Police Department; payable in monthly installments of \$5,973 through December 2015; interest at 3.15%	\$ 99,191	\$ -	\$ 99,191
\$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%	93,650	-	93,650
\$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%	104,360	-	104,360
\$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%	181,163	-	181,163
\$1,101,124 issued February 25, 2005 for the purchase of equipment; payable in monthly installments of \$10,940 through March 1, 2015; interest at 3.60%	60,891	25,479	86,370
\$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%	85,537	28,512	114,049
\$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%	214,260	-	214,260
\$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%	617,381	-	617,381

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Capital Leases: (Continued)			
\$5,289,403 issued January 8, 2014 proceeds to be used for installation of water meters for the Public Utility Fund; payable in various monthly installments of through December 2029; interest at 3.10%. At June 30, 2014 \$4,256,403 has been received of this obligation.	\$ -	\$ 4,256,403	\$ 4,256,403
\$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%	306,619	-	306,619
\$270,000 issued September 26, 2007 for the City's share of the purchase of nine Gillig buses for Mass Transit Department (balance paid with federal grant funds); payable in monthly installments of \$3,754 through September 2014; interest at 4.51%	-	11,178	11,178
\$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%	120,802	-	120,802
Total capital leases	<u>\$ 1,883,854</u>	<u>\$ 4,321,572</u>	<u>\$ 6,205,426</u>
Total equipment cost of assets acquired through capital lease	\$ 5,203,725	\$ 5,307,244	\$ 10,510,969
Total accumulated depreciation on assets acquired through capital lease	(2,920,604)	(906,482)	(3,827,086)
Net remaining book value	<u>\$ 2,283,121</u>	<u>\$ 4,400,762</u>	<u>\$ 6,683,883</u>

	<u>Date Issued</u>	<u>Balance July 1, 2013</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2014</u>
Tax revenue anticipation note	8/2/2013	\$ -	\$ 5,000,000	\$ 5,000,000	\$ -
		<u>\$ -</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ -</u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities

The general obligation bonds payable totaling \$1,098,972 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 \$4,234,088 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, 2014:

<u>Unearned Revenue/Deferred/Unavailable</u>	<u>Governmental Funds</u>			<u>Governmental Activities</u>
	<u>General Fund</u>	<u>Federal and State Projects Fund</u>	<u>Total Governmental Funds</u>	
Litter control state grant funding	\$ -	\$ 5,667	\$ 5,667	\$ 5,667
RCAP	-	341,028	341,028	341,028
Proposal review fees	13,612	-	13,612	13,612
Prepaid property taxes	8,339	-	8,339	8,339
Local delinquent real and personal property taxes	6,713,378	-	6,713,378	-
	<u>\$ 6,735,329</u>	<u>\$ 346,695</u>	<u>\$ 7,082,024</u>	<u>\$ 368,646</u>

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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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, 2014, 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:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

1. **Plan Overview** - VRS 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 VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

3. **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 VRS 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.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; 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.
5. **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.
6. **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.

7. **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.

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.

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

- 8. Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- 9. Service Retirement Multiplier** - 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 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
- 10. Normal Retirement Age** - Age 65.
- 11. Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.
- 13. 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%.
- 14. 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.
- 15. 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.

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

15. Exceptions to COLA Effective Dates: (Continued)

- 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.

16. 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.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. 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.

VRS – PLAN 2

- 1. Plan Overview** - VRS 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 VRS 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.
- 2. Eligible Members** - Employees are in VRS 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.

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

3. **Hybrid Opt-In Election** - VRS 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 VRS 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.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** - Same as VRS Plan 1—Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1— Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1—Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1—Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - 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.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.
- Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **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%.

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

14. **Eligibility** - Same as VRS Plan 1—Refer to Section 14.
15. **Exceptions to COLA Effective Dates** - Same as VRS Plan 1—Refer to Section 15.
16. **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.
- Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.
- VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
17. **Purchase of Prior Service** - Same as VRS Plan 1—Refer to Section 17.

HYBRID RETIREMENT PLAN

1. **Plan Overview** - 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 VRS Plan 1 and VRS 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.
 - 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.
2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
- State employees*
 - School division employees

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

2. Eligible Members: (Continued)

- Political subdivision employees*
- Judges appointed or elected to an original term on or after January 1, 2014
- Members in VRS Plan 1 or VRS 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

3. *Non-Eligible Members - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers' Retirement System (SPORS)
- Members of the Virginia Law Officers' Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

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 VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. 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.

5. 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 Contribution 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)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

6. 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. VRS Plan 1 or VRS 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 Contribution 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.

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.

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1—Refer to Section 7.

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.

8. Average Final Compensation - Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component - Not Applicable.

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS 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.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be 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% member contribution. This could be phased in over a period 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. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City’s contribution rate for the fiscal year ended 2014 was 14.87% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2014, City’s annual pension cost of \$3,915,014 was equal to the City’s required and actual contributions.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2014	\$ 3,915,014	100%	\$ -
June 30, 2013	3,841,057	100%	-
June 30, 2012	2,349,394	100%	-

(1) Employer portion only

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 12—Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the City's plan was 75.81% funded. The actuarial accrued liability for benefits was \$159,557,032, and the actuarial value of assets was \$120,956,342, resulting in an unfunded actuarial accrued liability (UAAL) of \$38,600,690. The covered payroll (annual payroll of active employees covered by the plan) was \$26,121,081 and ratio of the UAAL to the covered payroll was 147.78%.

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

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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 14—Expenditures and Appropriations:

Expenditures exceeded appropriations at June 30, 2014 as follows:

<u>Function</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Amount</u>
General government administration	\$ 6,077,197	\$ 6,704,255	\$ 627,058
Public safety	25,024,086	25,936,001	911,915
Health and welfare	12,802,352	12,943,794	141,442
Parks, recreation, and cultural	2,112,337	2,203,131	90,794

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.

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, 2013. The actuarial valuation estimated the Unfunded Actuarial Accrued Liability (“UAAL”) at \$2,400,000 and an Annual Required Contribution (“ARC”) of \$189,000. The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The City paid \$187,000 towards the estimated pay as you go cost for OPEB benefits in fiscal year 2014. 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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

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, 2014, 2013 and 2012 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 189,000	99%	\$ 697,000
June 30, 2013	236,000	51%	695,000
June 30, 2012	236,000	51%	545,000

For 2014, the City’s cash payments of \$187,000 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 2014 is as follows:

	<u>City</u>
Annual required contribution	\$ 191,000
Interest on net OPEB obligation	25,000
Adjustment to annual required contribution	(27,000)
Annual OPEB cost (expense)	<u>\$ 189,000</u>
Contributions made	<u>187,000</u>
Increase (decrease) in net OPEB obligation	\$ 2,000
Net OPEB obligation - beginning of year	<u>695,000</u>
Net OPEB obligation - end of year	<u><u>\$ 697,000</u></u>

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014 is as follows:

Actuarial accrued liability (AAL)	\$ 2,400,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	2,400,000
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	25,667,000
UAAL as a percentage of covered payroll	9.35%

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

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

Funded Status and Funding Progress: (Continued)

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

Actuarial Methods and Assumptions

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

Cost Method

In the June 30, 2013 (most recent) actuarial valuation report, the entry age actuarial cost method was used. The actuarial assumptions included a 9.50 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, 2013 was thirty years.

Interest Assumptions

	<u>Funded</u>
Discount rate	4.0%
Payroll growth	N/A
Inflation rate	2.5%
Health cost trend rate	9.5%

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 16—Subsequent Event:

The City has issued \$2,000,000 in General Obligation School Bonds, Series 2014 to be sold by the Virginia Public School Authority for Petersburg Public School Capital Projects.

On May 28, 2015 the City issued 2015 VRA Bonds in the amount of \$7,505,000 to finance the costs of various approved City public utility capital improvement projects.

Note 17—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.

Note 18—Upcoming Pronouncements:

The GASB has issued Statement No. 68, “Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27.” This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014 (fiscal year ended June 30, 2015). The City has not determined the impact of this pronouncement on its financial statements.

This page intentionally left blank

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.

This page intentionally left blank

Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- General Fund
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 34,979,610	\$ 34,979,610	\$ 33,299,800	\$ (1,679,810)
Other local taxes	12,151,567	12,151,567	11,694,985	(456,582)
Permits, privilege fees and regulatory licenses	724,050	724,050	570,939	(153,111)
Fines and forfeitures	937,000	937,000	714,870	(222,130)
Revenue from use of money and property	236,700	236,700	447,447	210,747
Charges for services	2,663,984	2,723,453	2,062,169	(661,284)
Miscellaneous	543,845	593,845	280,513	(313,332)
Recovered costs	5,000	5,000	1,150,019	1,145,019
Intergovernmental:				
Commonwealth	28,003,669	28,003,669	22,591,930	(5,411,739)
Federal	117,633	117,633	4,673,838	4,556,205
Total revenues	<u>\$ 80,363,058</u>	<u>\$ 80,472,527</u>	<u>\$ 77,486,510</u>	<u>\$ (2,986,017)</u>
Expenditures:				
Current:				
General government administration	\$ 5,914,111	\$ 6,077,197	\$ 6,704,255	\$ (627,058)
Judicial administration	2,202,177	2,202,177	2,182,385	19,792
Public safety	24,898,306	25,024,086	25,936,001	(911,915)
Public works	10,641,248	10,669,550	10,003,139	666,411
Health and welfare	12,802,352	12,802,352	12,943,794	(141,442)
Education	10,862,512	10,862,512	9,767,357	1,095,155
Parks, recreation, and cultural	2,045,885	2,112,337	2,203,131	(90,794)
Community development	3,759,150	3,231,076	2,759,829	471,247
Debt service:				
Principal retirement	3,837,774	4,392,930	2,350,820	2,042,110
Interest and other fiscal charges	1,231,949	1,231,949	1,169,832	62,117
Nondepartmental	1,441,765	1,866,054	1,740,834	125,220
Total expenditures	<u>\$ 79,637,229</u>	<u>\$ 80,472,220</u>	<u>\$ 77,761,377</u>	<u>\$ 2,710,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 725,829</u>	<u>\$ 307</u>	<u>\$ (274,867)</u>	<u>\$ (275,174)</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ -	-
Transfers (out)	(725,829)	(725,829)	(1,194,882)	(469,053)
Issuance of capital leases	-	-	691,910	691,910
Total other financing sources	<u>\$ (725,829)</u>	<u>\$ (725,829)</u>	<u>\$ (502,972)</u>	<u>\$ 222,857</u>
Changes in fund balance	\$ -	\$ (725,522)	\$ (777,839)	\$ (52,317)
Fund balances at beginning of year	-	725,522	20,072,234	19,346,712
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,294,395</u>	<u>\$ 19,294,395</u>

Schedule of Pension and OPEB Funding Progress

Last Three Fiscal Years

Virginia Retirement System

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)
6/30/2013	\$ 120,956,342	\$ 159,557,032	\$ 38,600,690	75.81%	\$ 26,121,081	147.78%
6/30/2012	118,447,570	158,899,895	40,452,325	74.54%	24,913,602	162.37%
6/30/2011	122,133,745	153,590,629	31,456,884	79.52%	25,157,467	125.04%

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)
6/30/2013	\$ -	\$ 2,400,000	\$ 2,400,000	0.00%	\$ 25,667,000	9.35%
6/30/2012	-	2,796,000	2,796,000	0.00%	24,696,000	11.32%
6/30/2011	-	2,796,000	2,796,000	0.00%	24,696,000	11.32%

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds
Combining Balance Sheet
At June 30, 2014

	Special Revenue Funds		Permanent Funds			Total
	Federal and State Projects Fund	Community Development Act Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	
ASSETS						
Cash and cash equivalents	\$ 957,698	\$ 481,596	\$ 250,071	\$ -	\$ -	1,689,365
Restricted cash	-	-	1,817,336	19,017	2,000	1,838,353
Receivables (Net of allowance for uncollectibles) Accounts	333,203	-	-	-	-	333,203
Prepaid items	7,019	-	-	-	-	7,019
Due from other governments	125,968	103,600	-	-	-	229,568
Total assets	\$ 1,423,888	\$ 585,196	\$ 2,067,407	\$ 19,017	\$ 2,000	\$ 4,097,508
LIABILITIES						
Accounts payable	\$ 335,541	\$ 8,938	\$ -	\$ -	\$ -	344,479
Unearned revenue	346,695	-	-	-	-	346,695
Due to other funds	-	-	250,071	-	-	250,071
Total liabilities	\$ 682,236	\$ 8,938	\$ 250,071	\$ -	\$ -	\$ 941,245
FUND BALANCES						
Nonspendable:						
Cemetery Perpetual care	\$ -	\$ -	\$ 1,817,336	\$ -	\$ -	1,817,336
Prepaid items	7,019	-	-	-	-	7,019
McKenney scholarships	-	-	-	19,017	-	19,017
Library	-	-	-	-	2,000	2,000
Restricted:						
Grants	734,633	576,258	-	-	-	1,310,891
Total fund balances	\$ 741,652	\$ 576,258	\$ 1,817,336	\$ 19,017	\$ 2,000	\$ 3,156,263
Total liabilities and fund balances	\$ 1,423,888	\$ 585,196	\$ 2,067,407	\$ 19,017	\$ 2,000	\$ 4,097,508

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014

	Special Revenue Funds		Permanent Funds			Total
	Federal and State Projects Fund	Community Development Act Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	
Revenues:						
Revenue from the use of money and property	\$ 11,792	\$ -	\$ 24,303	\$ 3	\$ -	\$ 36,098
Charges for services	1,402,393	-	34,200	-	-	1,436,593
Miscellaneous	369,554	-	-	-	-	369,554
Recovered costs	39,634	46	-	-	-	39,680
Intergovernmental:						
Commonwealth	895,996	-	-	-	-	895,996
Federal	795,060	850,812	-	-	-	1,645,872
Total revenues	\$ 3,514,429	\$ 850,858	\$ 58,503	\$ 3	\$ -	\$ 4,423,793
Expenditures:						
Judicial administration	\$ 76,740	\$ -	\$ -	\$ -	\$ -	\$ 76,740
Public safety	1,392,053	-	-	-	-	1,392,053
Public works	1,006,193	-	-	-	-	1,006,193
Education	131,750	-	-	-	-	131,750
Planning and community development	712,480	373,209	-	-	-	1,085,689
Total expenditures	\$ 3,319,216	\$ 373,209	\$ -	\$ -	\$ -	\$ 3,692,425
Excess (deficiency) of revenues over (under) expenditures	\$ 195,213	\$ 477,649	\$ 58,503	\$ 3	\$ -	\$ 731,368
Other financing sources (uses):						
Transfers in	\$ 610,883	\$ -	\$ -	\$ -	\$ -	\$ 610,883
Transfers (out)	-	(259,178)	-	-	-	(259,178)
Total other financing sources (uses)	\$ 610,883	\$ (259,178)	\$ -	\$ -	\$ -	\$ 351,705
Changes in fund balances	\$ 806,096	\$ 218,471	\$ 58,503	\$ 3	\$ -	\$ 1,083,073
Fund balances at beginning of year	(64,444)	357,787	1,758,833	19,014	2,000	2,073,190
Fund balances at end of year	\$ 741,652	\$ 576,258	\$ 1,817,336	\$ 19,017	\$ 2,000	\$ 3,156,263

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, 2014

	<u>Federal and State Projects Fund</u>			Variance From Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Revenue from use of money and property	\$ 11,950	\$ 23,500	\$ 11,792	\$ (11,708)
Charges for services	1,149,000	1,400,000	1,402,393	2,393
Miscellaneous	749,965	783,950	369,554	(414,396)
Recovered costs	-	-	39,634	39,634
Intergovernmental:				
Commonwealth	885,283	990,961	895,996	(94,965)
Federal	1,602,233	3,860,136	795,060	(3,065,076)
Total revenues	\$ 4,398,431	\$ 7,058,547	\$ 3,514,429	\$ (3,544,118)
Expenditures:				
Current:				
Judicial administration	\$ 75,000	\$ 168,935	\$ 76,740	\$ 92,195
Public safety	1,826,370	3,366,186	1,392,053	1,974,133
Public works	1,197,146	2,120,078	1,006,193	1,113,885
Education	150,000	150,000	131,750	18,250
Planning and community development	1,149,915	2,242,693	712,480	1,530,213
Total expenditures	\$ 4,398,431	\$ 8,047,892	\$ 3,319,216	\$ 4,728,676
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (989,345)	\$ 195,213	\$ 1,184,558
Other financing sources (uses):				
Transfers in	\$ -	\$ 624,100	\$ 610,883	\$ (13,217)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	\$ -	\$ 624,100	\$ 610,883	\$ (13,217)
Changes in fund balances	\$ -	\$ (365,245)	\$ 806,096	\$ 1,171,341
Fund balance at beginning of the year	-	365,245	(64,444)	(429,689)
Fund balance at end of the year	\$ -	\$ -	\$ 741,652	\$ 741,652

Community Development Act Fund

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	46	46
-	-	-	-
<u>567,965</u>	<u>839,451</u>	<u>850,812</u>	<u>11,361</u>
\$ <u>567,965</u>	\$ <u>839,451</u>	\$ <u>850,858</u>	\$ <u>11,407</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
<u>207,965</u>	<u>494,451</u>	<u>373,209</u>	<u>121,242</u>
\$ <u>207,965</u>	\$ <u>494,451</u>	\$ <u>373,209</u>	\$ <u>121,242</u>
\$ <u>360,000</u>	\$ <u>345,000</u>	\$ <u>477,649</u>	\$ <u>132,649</u>
\$ -	\$ -	\$ -	\$ -
-	-	(259,178)	(259,178)
\$ -	\$ -	\$ (259,178)	\$ (259,178)
\$ 360,000	\$ 345,000	\$ 218,471	\$ (126,529)
<u>(360,000)</u>	<u>(345,000)</u>	<u>357,786</u>	<u>702,786</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>576,257</u>	\$ <u>576,257</u>

Combining Statement of Fiduciary Net Position - Agency Funds
At June 30, 2014

	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Drug Seizure</u>	<u>Industrial Development Authority</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 62,032	\$ 173,004	\$ 355,061	\$ 25,985	\$ 616,082
Land held for resale	-	-	-	2,500,000	2,500,000
Total assets	<u>\$ 62,032</u>	<u>\$ 173,004</u>	<u>\$ 355,061</u>	<u>\$ 2,525,985</u>	<u>\$ 3,116,082</u>
LIABILITIES					
Amounts held for others	\$ 62,032	\$ 173,004	\$ 355,061	\$ 25,985	\$ 616,082
Note payable	-	-	-	2,500,000	2,500,000
Total liabilities	<u>\$ 62,032</u>	<u>\$ 173,004</u>	<u>\$ 355,061</u>	<u>\$ 2,525,985</u>	<u>\$ 3,116,082</u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2014

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 57,427	\$ 37,645	\$ 33,040	\$ 62,032
Total assets	<u>\$ 57,427</u>	<u>\$ 37,645</u>	<u>\$ 33,040</u>	<u>\$ 62,032</u>
Liabilities:				
Amounts held for others	\$ 57,427	\$ 37,645	\$ 33,040	\$ 62,032
Total liabilities	<u>\$ 57,427</u>	<u>\$ 37,645</u>	<u>\$ 33,040</u>	<u>\$ 62,032</u>
Jail Inmate Fund:				
Assets:				
Cash and cash equivalents	\$ 237,124	\$ 628,819	\$ 692,939	\$ 173,004
Total assets	<u>\$ 237,124</u>	<u>\$ 628,819</u>	<u>\$ 692,939</u>	<u>\$ 173,004</u>
Liabilities:				
Amounts held for others	\$ 237,124	\$ 628,819	\$ 692,939	\$ 173,004
Total liabilities	<u>\$ 237,124</u>	<u>\$ 628,819</u>	<u>\$ 692,939</u>	<u>\$ 173,004</u>
Industrial Development Authority:				
Assets:				
Cash and cash equivalents	\$ 26,676	\$ 110,198	\$ 110,889	\$ 25,985
Land held for resale	2,500,000	-	-	2,500,000
Total assets	<u>\$ 2,526,676</u>	<u>\$ 110,198</u>	<u>\$ 110,889</u>	<u>\$ 2,525,985</u>
Liabilities:				
Amounts held for others	\$ 26,676	\$ 110,198	\$ 110,889	\$ 25,985
Note payable	2,500,000	-	-	2,500,000
Total liabilities	<u>\$ 2,526,676</u>	<u>\$ 110,198</u>	<u>\$ 110,889</u>	<u>\$ 2,525,985</u>
Drug Seizure Fund:				
Assets:				
Cash and cash equivalents	\$ 182,984	\$ 277,746	\$ 105,669	\$ 355,061
Total assets	<u>\$ 182,984</u>	<u>\$ 277,746</u>	<u>\$ 105,669</u>	<u>\$ 355,061</u>
Liabilities:				
Amounts held for others	\$ 182,984	\$ 277,746	\$ 105,669	\$ 355,061
Total liabilities	<u>\$ 182,984</u>	<u>\$ 277,746</u>	<u>\$ 105,669</u>	<u>\$ 355,061</u>
Total -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 504,211	\$ 1,054,408	\$ 942,537	\$ 616,082
Land held for resale	2,500,000	-	-	2,500,000
Total assets	<u>\$ 3,004,211</u>	<u>\$ 1,054,408</u>	<u>\$ 942,537</u>	<u>\$ 3,116,082</u>
Liabilities:				
Amounts held for others	\$ 504,211	\$ 1,054,408	\$ 942,537	\$ 616,082
Note payable	2,500,000	-	-	2,500,000
Total liabilities	<u>\$ 3,004,211</u>	<u>\$ 1,054,408</u>	<u>\$ 942,537</u>	<u>\$ 3,116,082</u>

This page intentionally left blank

Supporting Schedules

This page intentionally left blank

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2014

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	\$ 24,614,110	\$ 24,614,110	\$ 22,743,513	\$ (1,870,597)
Real and personal public service corporation property taxes	1,450,000	1,450,000	1,741,283	291,283
Personal property taxes	3,600,000	3,600,000	4,360,584	760,584
Mobile home taxes	15,500	15,500	14,481	(1,019)
Machinery and tools taxes	4,650,000	4,650,000	3,471,516	(1,178,484)
Penalties	400,000	400,000	509,526	109,526
Interest	250,000	250,000	458,897	208,897
Total general property taxes	<u>\$ 34,979,610</u>	<u>\$ 34,979,610</u>	<u>\$ 33,299,800</u>	<u>\$ (1,679,810)</u>
Other local taxes:				
Local sales and use taxes	\$ 4,000,000	\$ 4,000,000	\$ 3,530,101	\$ (469,899)
Consumer utility taxes	1,700,000	1,700,000	1,638,787	(61,213)
Business license taxes	2,850,000	2,850,000	2,727,728	(122,272)
Bank stock taxes	215,000	215,000	191,274	(23,726)
Motor vehicle licenses	490,000	490,000	487,391	(2,609)
Taxes on recordation and wills	206,000	206,000	189,699	(16,301)
Cigarette taxes	220,000	220,000	230,711	10,711
Admission and amusement taxes	7,200	7,200	7,286	86
Lodging taxes	230,000	230,000	268,575	38,575
Meals taxes	2,233,367	2,233,367	2,423,433	190,066
Total other local taxes	<u>\$ 12,151,567</u>	<u>\$ 12,151,567</u>	<u>\$ 11,694,985</u>	<u>\$ (456,582)</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 6,800	\$ 6,800	\$ 7,755	\$ 955
Other permits and licenses	717,250	717,250	563,184	(154,066)
Total permits, privilege fees and regulatory licenses	<u>\$ 724,050</u>	<u>\$ 724,050</u>	<u>\$ 570,939</u>	<u>\$ (153,111)</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 640,000	\$ 640,000	\$ 491,850	\$ (148,150)
Other fines and forfeitures	297,000	297,000	223,020	(73,980)
Total fines and forfeitures	<u>\$ 937,000</u>	<u>\$ 937,000</u>	<u>\$ 714,870</u>	<u>\$ (222,130)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 118,158	\$ 118,158
Revenue from use of property	236,700	236,700	329,289	92,589
Total revenue from use of money and property	<u>\$ 236,700</u>	<u>\$ 236,700</u>	<u>\$ 447,447</u>	<u>\$ 210,747</u>

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2014 (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	\$ 149,500	\$ 149,500	\$ 29,941	\$ (119,559)
Court costs	185,930	185,930	162,329	(23,601)
Commonwealth attorney fees	4,500	4,500	5,204	704
Sheriff fees	63,000	63,000	85,441	22,441
Fire protection services	1,250	1,250	1,210	(40)
Other protection	1,500	1,500	3,399	1,899
Sanitation and waste removal	2,110,500	2,110,500	1,540,334	(570,166)
Sports complex fees	38,200	38,200	15,498	(22,702)
Recreation fees	25,500	25,500	10,934	(14,566)
Tourism charges	34,000	34,000	32,292	(1,708)
Treasurer's fees	-	-	43,205	43,205
Other services rendered	27,870	87,339	111,605	24,266
Library fees	22,234	22,234	20,777	(1,457)
Total charges for services	<u>\$ 2,663,984</u>	<u>\$ 2,723,453</u>	<u>\$ 2,062,169</u>	<u>\$ (661,284)</u>
Miscellaneous revenue:				
Payment in lieu of tax	\$ 155,000	\$ 155,000	\$ 29,008	\$ (125,992)
Other miscellaneous revenue	388,845	438,845	251,505	(187,340)
Total miscellaneous revenue	<u>\$ 543,845</u>	<u>\$ 593,845</u>	<u>\$ 280,513</u>	<u>\$ (313,332)</u>
Recovered costs:				
Recoveries and rebates	\$ 5,000	\$ 5,000	\$ 318,736	\$ 313,736
Gasoline and other items	-	-	831,283	831,283
Total recovered costs	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 1,150,019</u>	<u>\$ 1,145,019</u>
Total revenue from local sources	<u>\$ 52,241,756</u>	<u>\$ 52,351,225</u>	<u>\$ 50,220,742</u>	<u>\$ (2,130,483)</u>
Intergovernmental:				
Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ -	\$ -	\$ 2,025	\$ 2,025
Tax on deeds	-	-	60,313	60,313
Rolling stock tax	66,000	66,000	83,100	17,100
Auto rental tax	100,000	100,000	114,921	14,921
Communications tax	1,900,000	1,900,000	1,949,736	49,736
PPTRA	2,726,040	2,726,040	2,726,040	-
Total noncategorical aid	<u>\$ 4,792,040</u>	<u>\$ 4,792,040</u>	<u>\$ 4,936,135</u>	<u>\$ 144,095</u>

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 705,183	\$ 705,183	\$ 694,390	\$ (10,793)
Sheriff	3,125,000	3,125,000	3,215,836	90,836
Commissioner of the Revenue	144,951	144,951	152,647	7,696
Treasurer	115,629	115,629	110,239	(5,390)
Registrar/electoral board	64,600	64,600	42,617	(21,983)
Clerk of the Circuit Court	320,000	320,000	342,559	22,559
Total shared expenses	<u>\$ 4,475,363</u>	<u>\$ 4,475,363</u>	<u>\$ 4,558,288</u>	<u>\$ 82,925</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 7,658,932	\$ 7,658,932	\$ 2,963,237	\$ (4,695,695)
Comprehensive services act grant	2,500,000	2,500,000	1,881,425	(618,575)
Law enforcement	2,022,234	2,022,234	2,022,236	2
Street and highway maintenance	5,100,000	5,100,000	5,148,282	48,282
Library	142,200	142,200	145,774	3,574
Adult confinement	510,000	510,000	472,756	(37,244)
E911 wireless program	400,000	400,000	380,876	(19,124)
Other state funds	402,900	402,900	82,921	(319,979)
Total other categorical aid	<u>\$ 18,736,266</u>	<u>\$ 18,736,266</u>	<u>\$ 13,097,507</u>	<u>\$ (5,638,759)</u>
Total categorical aid	<u>\$ 23,211,629</u>	<u>\$ 23,211,629</u>	<u>\$ 17,655,795</u>	<u>\$ (5,555,834)</u>
Total Commonwealth	<u>\$ 28,003,669</u>	<u>\$ 28,003,669</u>	<u>\$ 22,591,930</u>	<u>\$ (5,411,739)</u>
Federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ -	\$ 4,659,283	\$ 4,659,283
Other federal grants	117,633	117,633	14,555	(103,078)
Total federal government	<u>\$ 117,633</u>	<u>\$ 117,633</u>	<u>\$ 4,673,838</u>	<u>\$ 4,556,205</u>
Total General Fund	<u><u>\$ 80,363,058</u></u>	<u><u>\$ 80,472,527</u></u>	<u><u>\$ 77,486,510</u></u>	<u><u>\$ (2,986,017)</u></u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 3,837	\$ 3,837
Miscellaneous revenue:				
Sale of real estate	-	-	211,672	211,672
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,509</u>	<u>\$ 215,509</u>

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2014 (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:				
Federal government:				
Categorical aid:				
Federal urban highway funds	\$ -	\$ -	\$ 105,341	\$ 105,341
Other federal funds	-	441,913	19,920	(421,993)
Total federal government	\$ -	\$ 441,913	\$ 125,261	\$ (316,652)
Total Capital Projects Fund	\$ -	\$ 441,913	\$ 340,770	\$ (101,143)
Special Revenue Funds:				
Federal and State Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 11,950	\$ 23,500	\$ 11,792	\$ (11,708)
Charges for services:				
Stormwater charges	1,149,000	1,400,000	1,402,393	2,393
Miscellaneous revenue:				
Miscellaneous	749,965	783,950	369,554	(414,396)
Recovered costs:				
Rebates and recoveries	-	-	39,634	39,634
Total revenue from local sources	\$ 1,910,915	\$ 2,207,450	\$ 1,823,373	\$ (384,077)
Intergovernmental:				
Commonwealth:				
Other categorical aid:				
Criminal justice corrections grants	\$ 299,504	\$ 299,504	\$ 238,952	\$ (60,552)
Victim witness grants	-	-	176,184	176,184
VJCCCA grant	183,699	183,699	84,000	(99,699)
Fire funds	-	-	189,830	189,830
Other state revenue	402,080	507,758	207,030	(300,728)
Total Commonwealth	\$ 885,283	\$ 990,961	\$ 895,996	\$ (94,965)
Intergovernmental:				
Federal government:				
Categorical aid:				
Summer lunch program	\$ 150,000	\$ 150,000	\$ 163,625	\$ 13,625
POWER program	94,561	94,561	65,399	(29,162)
Other federal grants	1,357,672	3,615,575	566,036	(3,049,539)
Total Federal Government	\$ 1,602,233	\$ 3,860,136	\$ 795,060	\$ (3,065,076)
Total Federal and State Projects Fund	\$ 4,398,431	\$ 7,058,547	\$ 3,514,429	\$ (3,544,118)

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2014 (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:				
Revenue from local sources:				
Recovered costs:				
Rebates and refunds	\$ -	\$ -	\$ 46	\$ 46
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46</u>	<u>\$ 46</u>
Intergovernmental:				
Federal government:				
Categorical aid:				
Community development block grant	\$ 567,965	\$ 839,451	\$ 850,812	\$ 11,361
Total Federal Government	<u>\$ 567,965</u>	<u>\$ 839,451</u>	<u>\$ 850,812</u>	<u>\$ 11,361</u>
Total Community Development Act Fund	<u><u>\$ 567,965</u></u>	<u><u>\$ 839,451</u></u>	<u><u>\$ 850,858</u></u>	<u><u>\$ 11,407</u></u>
Blandford Cemetery Perpetual Care Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 24,303	\$ 24,303
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,303</u>	<u>\$ 24,303</u>
Charges for services:				
Sale of lots	\$ -	\$ -	\$ 34,200	\$ 34,200
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,200</u>	<u>\$ 34,200</u>
Total Blandford Cemetery Perpetual Care Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 58,503</u></u>	<u><u>\$ 58,503</u></u>
Clara J. McKenney Memorial Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 4	\$ 4
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 4</u>
Total Clara J. McKenney Memorial Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4</u></u>	<u><u>\$ 4</u></u>
Total Nonmajor Funds	<u><u>\$ 4,966,396</u></u>	<u><u>\$ 7,897,998</u></u>	<u><u>\$ 4,423,794</u></u>	<u><u>\$ (3,474,204)</u></u>
Total Primary Government Revenues	<u><u>\$ 85,329,454</u></u>	<u><u>\$ 88,812,438</u></u>	<u><u>\$ 82,251,074</u></u>	<u><u>\$ (6,561,364)</u></u>

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2014

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	\$ 201,103	\$ 201,103	\$ 315,608	\$ (114,505)
General and financial administration:				
City Manager	\$ 397,864	\$ 397,864	\$ 456,527	\$ (58,663)
Hispanic liason	111,960	111,960	105,081	6,879
Legal services	300,113	300,113	296,397	3,716
Personnel	296,991	296,991	302,927	(5,936)
Commissioner of the Revenue	316,452	316,452	338,212	(21,760)
Assessor	341,276	341,276	294,644	46,632
Treasurer	480,240	480,240	506,235	(25,995)
Finance Director	713,639	714,499	650,419	64,080
Purchasing and general services	191,277	250,746	334,245	(83,499)
Data processing	1,220,067	1,247,492	921,584	325,908
Central garage - motor vehicle repair	875,005	949,626	1,717,403	(767,777)
Insurance - financial	120,970	121,681	125,648	(3,967)
Virginia Municipal League	12,280	12,280	24,480	(12,200)
National League of Cities	3,000	3,000	-	3,000
Virginia Institute of Government	1,500	1,500	1,500	-
Total general and financial administration	\$ 5,382,634	\$ 5,545,720	\$ 6,075,302	\$ (529,582)
Board of Elections:				
Electoral board and officials	\$ 123,900	\$ 123,900	\$ 87,125	\$ 36,775
Registrar	206,474	206,474	226,220	(19,746)
Total board of elections	\$ 330,374	\$ 330,374	\$ 313,345	\$ 17,029
Total general government administration	\$ 5,914,111	\$ 6,077,197	\$ 6,704,255	\$ (627,058)
Judicial administration:				
Courts:				
Circuit court	\$ 106,232	\$ 106,232	\$ 111,420	\$ (5,188)
General district court	54,900	54,900	41,440	13,460
Magistrates	4,800	4,800	23,266	(18,466)
Juvenile justice	83,524	83,524	84,165	(641)
District J & D relations court	13,900	13,900	6,687	7,213
Clerk of the Circuit Court	679,790	679,790	744,064	(64,274)
Juvenile court services	204,513	204,513	109,715	94,798
Total courts	\$ 1,147,659	\$ 1,147,659	\$ 1,120,757	\$ 26,902
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,054,518	\$ 1,054,518	\$ 1,061,628	\$ (7,110)
Total judicial administration	\$ 2,202,177	\$ 2,202,177	\$ 2,182,385	\$ 19,792

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2014 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 8,956,416	\$ 8,959,973	\$ 9,488,016	\$ (528,043)
Emergency communications	1,646,195	1,646,195	1,792,359	(146,164)
Code compliance	651,256	647,006	741,741	(94,735)
Criminal justice academy	81,136	81,136	78,868	2,268
Total law enforcement and traffic control	<u>\$ 11,335,003</u>	<u>\$ 11,334,310</u>	<u>\$ 12,100,984</u>	<u>\$ (766,674)</u>
Fire and rescue services:				
Fire department	\$ 6,113,647	\$ 6,136,776	\$ 6,492,251	\$ (355,475)
Contribution to Southside VA Emergency Crew	275,000	275,000	275,000	-
Total fire and rescue services	<u>\$ 6,388,647</u>	<u>\$ 6,411,776</u>	<u>\$ 6,767,251</u>	<u>\$ (355,475)</u>
Correction and detention:				
City jail	\$ 6,416,431	\$ 6,519,775	\$ 6,399,902	\$ 119,873
Juvenile detention home	480,382	480,382	407,136	73,246
Total correction and detention	<u>\$ 6,896,813</u>	<u>\$ 7,000,157</u>	<u>\$ 6,807,038</u>	<u>\$ 193,119</u>
Other protection:				
Animal control	\$ 277,843	\$ 277,843	\$ 260,728	\$ 17,115
Total other protection	<u>\$ 277,843</u>	<u>\$ 277,843</u>	<u>\$ 260,728</u>	<u>\$ 17,115</u>
Total public safety	<u>\$ 24,898,306</u>	<u>\$ 25,024,086</u>	<u>\$ 25,936,001</u>	<u>\$ (911,915)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering	\$ 119,788	\$ 132,388	\$ 180,684	\$ (48,296)
Street maintenance	5,118,979	5,118,859	4,701,708	417,151
Total highways, streets, bridges and sidewalks	<u>\$ 5,238,767</u>	<u>\$ 5,251,247</u>	<u>\$ 4,882,392</u>	<u>\$ 368,855</u>
Sanitation and waste removal:				
Refuse collection	\$ 1,730,000	\$ 1,730,000	\$ 1,696,935	\$ 33,065
Total sanitation and waste removal	<u>\$ 1,730,000</u>	<u>\$ 1,730,000</u>	<u>\$ 1,696,935</u>	<u>\$ 33,065</u>
Maintenance of general buildings and grounds:				
Building maintenance	\$ 3,413,391	\$ 3,429,213	\$ 3,214,850	\$ 214,363
Cemeteries maintenance	259,090	259,090	208,962	50,128
Total maintenance of general buildings and grounds	<u>\$ 3,672,481</u>	<u>\$ 3,688,303</u>	<u>\$ 3,423,812</u>	<u>\$ 264,491</u>
Total public works	<u>\$ 10,641,248</u>	<u>\$ 10,669,550</u>	<u>\$ 10,003,139</u>	<u>\$ 666,411</u>

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2014 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Health and welfare:				
Health:				
Health department	\$ 562,206	\$ 562,206	\$ 562,346	\$ (140)
Central Virginia health planning	50,000	50,000	50,000	-
Total health	<u>\$ 612,206</u>	<u>\$ 612,206</u>	<u>\$ 612,346</u>	<u>\$ (140)</u>
Mental health and mental retardation:				
Community Services Board - District 19	\$ 181,955	\$ 181,955	\$ 181,955	-
Welfare:				
Social services	\$ 8,625,519	\$ 8,625,519	\$ 8,329,252	\$ 296,267
Comprehensive services	3,321,472	3,321,472	3,755,773	(434,301)
Legal aid	59,200	59,200	59,200	-
Crater District Area Agency on Aging	2,000	2,000	5,268	(3,268)
Total welfare	<u>\$ 12,008,191</u>	<u>\$ 12,008,191</u>	<u>\$ 12,149,493</u>	<u>\$ (141,302)</u>
Total health and welfare	<u>\$ 12,802,352</u>	<u>\$ 12,802,352</u>	<u>\$ 12,943,794</u>	<u>\$ (141,442)</u>
Education:				
Contributions to Component Unit - School Board	\$ 10,862,512	\$ 10,862,512	\$ 9,767,357	\$ 1,095,155
Total education	<u>\$ 10,862,512</u>	<u>\$ 10,862,512</u>	<u>\$ 9,767,357</u>	<u>\$ 1,095,155</u>
Parks, recreation and cultural:				
Parks and recreation:				
Parks and leisure services	\$ 1,088,077	\$ 1,144,230	\$ 1,241,248	\$ (97,018)
Cultural:				
Library	\$ 957,808	\$ 968,107	\$ 961,883	\$ 6,224
Total cultural	<u>\$ 957,808</u>	<u>\$ 968,107</u>	<u>\$ 961,883</u>	<u>\$ 6,224</u>
Total parks, recreation and cultural	<u>\$ 2,045,885</u>	<u>\$ 2,112,337</u>	<u>\$ 2,203,131</u>	<u>\$ (90,794)</u>
Community development:				
Planning and community development:				
Planning	\$ 451,336	\$ 451,336	\$ 211,912	\$ 239,424
Economic development	535,107	535,107	525,889	9,218
Tourist promotion program	479,524	479,524	479,243	281
Crater planning district	21,073	21,073	15,805	5,268
Other community development	544,071	381,972	286,945	95,027
Contributions to other community organizations	1,688,039	1,322,064	1,200,035	122,029
Total planning and community development	<u>\$ 3,719,150</u>	<u>\$ 3,191,076</u>	<u>\$ 2,719,829</u>	<u>\$ 471,247</u>
Cooperative extension program:				
VPI nutritional services	\$ 40,000	\$ 40,000	\$ 40,000	-
Total community development	<u>\$ 3,759,150</u>	<u>\$ 3,231,076</u>	<u>\$ 2,759,829</u>	<u>\$ 471,247</u>

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2014 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (continued)				
Nondepartmental:				
Insurance	\$ 1,414,125	\$ 1,413,414	\$ 1,328,379	\$ 85,035
Contingencies - other	27,640	452,640	412,455	40,185
Total nondepartmental	<u>\$ 1,441,765</u>	<u>\$ 1,866,054</u>	<u>\$ 1,740,834</u>	<u>\$ 125,220</u>
Debt service:				
Principal retirement	\$ 3,837,774	\$ 4,392,930	\$ 2,350,820	\$ 2,042,110
Interest and fiscal charges	1,231,949	1,231,949	1,169,832	62,117
Total debt service	<u>\$ 5,069,723</u>	<u>\$ 5,624,879</u>	<u>\$ 3,520,652</u>	<u>\$ 2,104,227</u>
Total General Fund	<u><u>\$ 79,637,229</u></u>	<u><u>\$ 80,472,220</u></u>	<u><u>\$ 77,761,377</u></u>	<u><u>\$ 2,710,843</u></u>
Capital Projects Fund:				
Capital outlays / projects:				
General government administration:				
New City Hall	\$ -	\$ -	\$ 385,836	\$ (385,836)
City Hall roof	-	37,056	18,880	18,176
Commissioner of the Revenue - carpet replacement	-	23,000	5,750	17,250
Magistrate office relocation	-	75,000	4,655	70,345
Union Station - roof	-	120,000	44,050	75,950
Total general government administration	<u>\$ -</u>	<u>\$ 255,056</u>	<u>\$ 459,171</u>	<u>\$ (204,115)</u>
Judicial administration:				
Commonwealth attorney building exterior repair	\$ -	\$ 40,000	\$ 39,935	\$ 65
Hasting court - roof replacement	-	250,000	192,758	57,242
Total judicial administration	<u>\$ -</u>	<u>\$ 290,000</u>	<u>\$ 232,693</u>	<u>\$ 57,307</u>
Public safety:				
Fire station 4 roof replacement	\$ -	\$ 50,000	\$ 49,220	\$ 780
New jail study	-	50,000	41,667	8,333
Fire Sycamore Street bathrooms	-	32,461	-	32,461
Fire Market Street bathrooms	-	20,461	-	20,461
Jail and annex elevator	-	89,619	174	89,445
Fire station 5 roof replacement	-	65,000	65,000	-
Total public safety	<u>\$ -</u>	<u>\$ 307,541</u>	<u>\$ 156,061</u>	<u>\$ 151,480</u>
Public works:				
Centre Hill HVAC replacement	\$ -	\$ 199,825	\$ 47,250	\$ 152,575
Western Hill Phase II - drainage improvements	160,000	160,000	159,711	289
Gressett street corridor improvements	-	27,550	-	27,550
Rives road widening project	-	174,239	85,170	89,069
Poor creek pump station	-	84,757	-	84,757
Various street improvements	100,000	170,000	116,319	53,681
Other projects	-	345	6	339
Total public works	<u>\$ 260,000</u>	<u>\$ 816,716</u>	<u>\$ 408,456</u>	<u>\$ 408,260</u>
Education:				
Wallnut Hill School - renovations	\$ -	\$ -	\$ 959,202	\$ (959,202)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 959,202</u>	<u>\$ (959,202)</u>

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2014 (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	\$ -	\$ 645,718	\$ 8,868	\$ 636,850
Playground equipment	-	75,000	75,000	-
Community wellness center study	-	50,000	47,500	2,500
McKenney Library - roof repairs	-	55,000	-	55,000
Recreation center design and permits	-	300,000	-	300,000
Dogwood trace - various	-	609,414	-	609,414
Wilcox lake restroom	100,000	100,000	96,000	4,000
Lee Park - improvements	-	89,357	88,399	958
Petersburg Library Foundation	-	450,000	450,000	-
Total parks, recreation and cultural	\$ 100,000	\$ 2,374,489	\$ 765,767	\$ 1,608,722
Debt service:				
Interest and other debt costs	\$ -	\$ 97,984	\$ 136,785	\$ (38,801)
Total debt service	\$ -	\$ 97,984	\$ 136,785	\$ (38,801)
Total Capital Projects Fund	\$ 360,000	\$ 4,141,786	\$ 3,118,135	\$ 1,023,651
Special Revenue Funds:				
Federal and State Projects Fund:				
Judicial administration:				
Courts:				
Courthouse construction	\$ -	\$ 93,935	\$ 51,085	\$ 42,850
Law library	40,000	40,000	16,538	23,462
Asset forfeiture Commonwealth Attorney	30,000	30,000	9,117	20,883
Federal asset forfeiture Commonwealth Attorney	5,000	5,000	-	5,000
Total judicial administration	\$ 75,000	\$ 168,935	\$ 76,740	\$ 92,195
Public Safety:				
Law Enforcement and Traffic Control:				
City Police asset forfeiture program	\$ -	\$ 289,860	\$ 50,287	\$ 239,573
Homeland security	54,000	54,000	-	54,000
Police federal forfeiture program	30,000	30,000	5,000	25,000
Asset forfeiture police state	70,000	70,000	91,359	(21,359)
DMV mini grant	110,475	110,475	71,611	38,864
Victim witness	195,567	195,567	176,184	19,383
Comprehensive community correction	299,504	299,804	251,608	48,196
Va. Juvenile community crime control	183,699	183,699	164,150	19,549
RCAPP - office on youth	20,000	20,730	20,082	648
POWER youth program employment	94,561	94,561	68,988	25,573
Pretrial community corrections	-	78,448	22,745	55,703
Regent grant	-	-	320	(320)
Police technology enhance promotion grant	-	60,088	31,274	28,814
Enhanced officer safety grant	-	3,833	3,833	-
Lead hazard grant	599,484	827,854	232,031	595,823
Bulletproof vest grant	25,000	25,000	-	25,000
Police technology grant	92,000	111,647	78,502	33,145
In car camera system	48,000	49,796	1,790	48,006
Medical dispatch program - fire	4,080	4,080	5,116	(1,036)
Area signal coordination	-	660,000	83,057	576,943
Fire citizen corporation program	-	17,140	-	17,140

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2014 (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 Safety: (Continued)				
Law Enforcement and Traffic Control: (Continued)				
Edward Byrne S.T.E.P.S.	\$ -	\$ 28,250	\$ -	\$ 28,250
Sheriff asset forfeiture	-	27,610	11,801	15,809
Emergency medical services	-	22,315	22,315	-
Federal asset forfeiture technology program	-	101,429	-	101,429
Total public safety	\$ 1,826,370	\$ 3,366,186	\$ 1,392,053	\$ 1,974,133
Public works:				
Sanitation and waste removal:				
Litter control	\$ 10,000	\$ 10,000	\$ 8,696	\$ 1,304
Stormwater management program	1,149,000	1,400,000	993,300	406,700
DCR Stormwater program	38,146	38,146	-	38,146
VML grant	-	671,932	4,197	667,735
Total public works	\$ 1,197,146	\$ 2,120,078	\$ 1,006,193	\$ 1,113,885
Education:				
Summer lunch program	\$ 150,000	\$ 150,000	\$ 131,750	\$ 18,250
Planning and Community Development:				
Petersburg History Camp	\$ -	\$ 1,852	\$ 807	\$ 1,045
Freedom House	-	162,025	183,713	(21,688)
Sart program	-	-	2,577	(2,577)
Economic development incentive	633,965	642,060	156,377	485,683
Afro american adoption contribution	78,000	78,000	65,725	12,275
Cameron - mental health	76,000	72,200	33,944	38,256
Healthy living grant	20,000	40,000	15,797	24,203
Cameron - Centre Hill Mansion	230,000	230,000	229,183	817
Cultural affairs - Lincoln	11,950	11,950	1,014	10,936
Health homes incentive	100,000	100,000	3,715	96,285
Southside depot restoration	-	752,438	19,628	732,810
Marketing funds - FTA	-	152,168	-	152,168
Total planning and community development	\$ 1,149,915	\$ 2,242,693	\$ 712,480	\$ 1,530,213
Total Federal and State Projects Fund	\$ 4,398,431	\$ 8,047,892	\$ 3,319,216	\$ 4,728,676
Community Development Act Fund:				
Planning and Community Development:				
Hope Center	\$ 27,901	\$ 27,901	\$ 27,901	\$ -
Other C.A.R.E.S.	-	15,202	15,000	202
Boys and girls club	19,000	19,000	18,232	768
Elder Homes corporation	110,000	110,000	106,148	3,852
Other community development expenditures	51,064	322,348	205,928	116,420
Total planning and community development	\$ 207,965	\$ 494,451	\$ 373,209	\$ 121,242
Total Community Development Act Fund	\$ 207,965	\$ 494,451	\$ 373,209	\$ 121,242
Total Nonmajor Funds	\$ 4,606,396	\$ 8,542,343	\$ 3,692,425	\$ 4,849,918
Total Primary Government Expenditures	\$ 84,603,625	\$ 93,156,349	\$ 84,571,937	\$ 8,584,412

This page intentionally left blank

CITY OF PETERSBURG, VIRGINIA

Statistical Tables

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

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

CITY OF PETERSBURG, VIRGINIA

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:				
Net investment in capital assets	\$ 14,392,808	\$ 12,924,280	\$ 11,349,587	\$ 16,802,876
Restricted	-	1,794,038	1,934,491	2,086,098
Unrestricted	12,502,877	12,353,730	12,306,724	9,695,632
Total governmental activities	<u>\$ 26,895,685</u>	<u>\$ 27,072,048</u>	<u>\$ 25,590,802</u>	<u>\$ 28,584,606</u>
Business-type activities:				
Net investment in capital assets	\$ 7,926,586	\$ 21,366,680	\$ 17,746,920	\$ 25,697,774
Restricted	-	5,917,000	5,536,340	5,151,624
Unrestricted	9,238,701	(3,233,323)	(2,998,388)	(3,826,030)
Total business-type activities	<u>\$ 17,165,287</u>	<u>\$ 24,050,357</u>	<u>\$ 20,284,872</u>	<u>\$ 27,023,368</u>
Primary government				
Net investment in capital assets	\$ 22,319,394	\$ 34,290,960	\$ 29,096,507	\$ 42,500,650
Restricted	-	7,711,038	7,470,831	7,237,722
Unrestricted	21,741,578	9,120,407	9,308,336	5,869,602
Total primary government	<u>\$ 44,060,972</u>	<u>\$ 51,122,405</u>	<u>\$ 45,875,674</u>	<u>\$ 55,607,974</u>

Table 1

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	16,440,386	\$ 17,879,326	\$ 15,534,169	\$ 23,120,077	\$ 18,479,417	\$ 22,461,507
	1,898,698	1,894,824	4,459,923	8,371,649	8,699,721	5,844,518
	16,616,660	19,403,458	19,465,464	13,043,070	10,032,624	15,989,965
\$	<u>34,955,744</u>	<u>39,177,608</u>	<u>39,459,556</u>	<u>44,534,796</u>	<u>37,211,762</u>	<u>44,295,990</u>
\$	36,423,288	\$ 37,420,508	\$ 38,529,251	\$ 41,540,929	\$ 40,518,560	\$ 41,072,153
	4,568,423	3,861,693	3,049,996	2,198,555	1,334,606	465,941
	(5,529,579)	(5,648,711)	(7,843,351)	(10,944,581)	(10,928,156)	(10,266,896)
\$	<u>35,462,132</u>	<u>35,633,490</u>	<u>33,735,896</u>	<u>32,794,903</u>	<u>30,925,010</u>	<u>31,271,198</u>
\$	52,863,674	\$ 55,299,834	\$ 54,063,420	\$ 64,661,006	\$ 58,997,977	\$ 63,533,660
	6,467,121	5,756,517	7,509,919	10,570,204	10,034,327	6,310,459
	11,087,081	13,754,747	11,622,113	2,098,489	(895,532)	5,723,069
\$	<u>70,417,876</u>	<u>74,811,098</u>	<u>73,195,452</u>	<u>77,329,699</u>	<u>68,136,772</u>	<u>75,567,188</u>

This page intentionally left blank

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government administration	\$ 3,494,039	\$ 3,601,990	\$ 3,678,612	\$ 4,409,342	\$ 4,476,479	\$ 3,953,282	\$ 4,288,629	\$ 4,689,240	\$ 5,024,964	\$ 6,124,429
Judicial administration	1,948,961	1,741,756	2,060,239	2,209,742	2,384,990	2,170,832	2,183,232	2,166,314	2,329,886	2,409,720
Public safety	20,868,048	23,288,625	24,641,604	26,424,002	28,266,556	29,031,529	29,859,320	31,073,384	29,534,876	27,624,108
Public works	9,489,249	12,827,885	14,099,461	12,120,847	14,737,685	13,225,076	12,756,453	15,391,709	13,624,539	12,902,451
Health and welfare	13,213,059	13,997,163	14,564,276	16,441,259	15,835,032	14,887,566	14,437,546	13,193,886	12,472,778	13,358,082
Education	11,474,709	9,266,725	9,204,061	9,461,387	10,789,591	11,160,050	9,815,846	9,157,346	11,476,574	10,289,525
Parks, recreation, and cultural	2,788,391	2,935,100	2,685,776	3,862,492	2,453,245	2,443,712	3,200,189	2,547,419	7,557,488	2,819,867
Community development	1,462,249	2,887,401	2,727,241	2,206,472	2,238,970	3,607,676	3,897,397	3,304,525	3,277,237	3,855,151
Interest and other fiscal charges	1,212,116	1,646,992	1,327,726	1,187,375	1,186,876	1,590,337	1,272,607	1,127,482	1,228,991	1,016,546
Total governmental activities expenses	\$ 65,950,821	\$ 72,193,637	\$ 74,988,996	\$ 78,322,918	\$ 82,369,424	\$ 82,070,060	\$ 81,711,219	\$ 82,651,305	\$ 86,527,333	\$ 80,399,879
Business-type activities:										
Public Utility	\$ 6,339,951	\$ 7,262,502	\$ 7,273,942	\$ 8,393,991	\$ 8,514,037	\$ 9,127,023	\$ 8,367,495	\$ 9,292,960	\$ 9,490,563	\$ 9,095,733
Mass transit	1,900,694	2,329,232	2,923,692	3,021,131	2,919,251	3,545,881	3,910,309	4,442,057	4,233,740	4,343,710
Golf Course	-	-	-	622,377	1,176,452	1,182,589	1,127,133	1,151,540	1,110,021	1,203,286
Total business-type activities expenses	\$ 8,240,645	\$ 9,591,734	\$ 10,197,634	\$ 12,037,499	\$ 12,609,740	\$ 13,855,493	\$ 13,404,937	\$ 14,886,557	\$ 14,834,324	\$ 14,642,729
Total primary government expenses	\$ 74,191,466	\$ 81,785,371	\$ 85,186,630	\$ 90,360,417	\$ 94,979,164	\$ 95,925,553	\$ 95,116,156	\$ 97,537,862	\$ 101,361,657	\$ 95,042,608
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	\$ -	\$ -	\$ 191,183	\$ -	\$ 15,442	\$ -	\$ -	\$ -	\$ 350,714	\$ 228,416
Judicial administration	602,102	724,635	899,881	1,112,344	562,801	860,011	889,978	1,000,340	615,372	680,649
Public safety	133,109	188,472	768,688	967,272	799,041	461,872	496,852	619,311	461,406	536,074
Public works	2,135,393	2,471,783	1,859,992	2,116,599	2,068,003	1,878,941	1,609,164	1,581,645	2,125,662	3,042,325
Health and welfare	-	-	-	-	-	-	-	-	-	6,665
Parks, recreation, and cultural	151,591	140,732	173,847	131,968	176,435	101,789	83,107	82,202	98,246	80,473
Community development	8,059	4,000	-	188,335	1,347	32,105	812	35,081	307,123	209,969
Operating grants and contributions:										
General government administration	326,271	324,298	351,357	373,318	344,481	302,633	240,278	305,189	291,559	305,503
Judicial administration	963,687	1,202,683	1,159,862	1,209,709	1,292,166	964,332	1,037,451	993,434	962,643	1,051,708
Public safety	11,979,795	6,908,857	8,262,300	8,763,661	7,490,017	8,143,893	7,104,801	7,504,260	7,096,135	7,682,641
Public works	3,940,452	6,248,403	4,299,951	4,468,129	4,620,981	4,565,451	4,957,983	4,907,577	5,001,123	5,167,493
Health and welfare	4,762,823	10,823,880	10,894,743	11,737,712	11,693,590	11,128,359	10,504,368	9,757,395	8,845,264	9,667,570
Education	-	-	317,452	-	-	-	-	-	-	-
Parks, recreation, and cultural	1,286,109	152,763	-	602,572	185,700	195,188	144,087	141,719	274,093	145,774
Community development	180,486	1,119,911	220,249	392,080	748,388	534,970	676,441	505,493	1,081,150	850,812
Capital grants and contributions:										
Public works	-	-	1,075,000	3,070,207	1,311,316	2,082,199	423,053	763,981	1,014,283	6,312,018
Education	559,911	-	-	-	4,430,000	3,000,000	3,000,000	-	-	-
Parks, recreation, and cultural	-	-	-	-	-	90,000	-	-	-	-
Community development	-	639,704	1,847,112	-	500,000	-	-	-	-	19,920
Total governmental activities program revenues	\$ 27,029,788	\$ 30,950,121	\$ 32,321,617	\$ 35,133,906	\$ 36,239,708	\$ 34,341,743	\$ 31,168,375	\$ 28,197,627	\$ 28,524,773	\$ 35,988,010

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program revenues: (Continued)										
Business-type activities:										
Charges for services:										
Public Utility	\$ 6,391,549	\$ 6,263,961	\$ 6,540,056	\$ 7,037,608	\$ 7,123,929	\$ 9,419,189	\$ 8,125,447	\$ 9,539,367	\$ 9,130,177	\$ 9,107,233
Mass Transit	354,620	432,432	453,045	512,960	437,138	413,822	481,211	474,125	536,463	528,470
Golf course	-	-	-	188,080	565,943	599,448	565,626	683,792	709,000	701,000
Operating grants and contributions:										
Mass Transit	1,263,219	831,372	1,209,175	1,415,667	1,751,172	971,920	1,171,293	1,089,908	1,403,671	1,768,821
Capital grants and contributions										
Public Utility	-	-	420,558	2,210,427	1,597,206	-	-	558,422	-	-
Mass Transit	85,797	1,054,570	2,121,811	7,360,969	9,396,245	2,315,371	856,319	1,156,832	376,333	2,003,498
Total business-type activities program revenues										
	\$ 8,095,185	\$ 8,582,335	\$ 10,744,645	\$ 18,725,711	\$ 20,871,633	\$ 13,719,750	\$ 11,199,896	\$ 13,502,446	\$ 12,155,644	\$ 14,109,022
Total primary government program revenues										
	\$ 35,124,973	\$ 39,532,456	\$ 43,066,262	\$ 53,859,617	\$ 57,111,341	\$ 48,061,493	\$ 42,368,271	\$ 41,700,073	\$ 40,680,417	\$ 50,097,032
Net (expense) / revenue										
Governmental activities	\$ (38,921,033)	\$ (41,243,516)	\$ (42,667,379)	\$ (43,189,012)	\$ (46,129,714)	\$ (47,728,317)	\$ (50,542,844)	\$ (54,453,678)	\$ (58,002,560)	\$ (44,411,869)
Business-type activities	(145,460)	(1,009,399)	547,011	6,688,212	8,261,893	(135,743)	(2,205,041)	(1,384,111)	(2,678,680)	(533,707)
Total primary government net expense										
	\$ (39,066,493)	\$ (42,252,915)	\$ (42,120,368)	\$ (36,500,800)	\$ (37,867,821)	\$ (47,864,060)	\$ (52,747,885)	\$ (55,837,789)	\$ (60,681,240)	\$ (44,945,576)
General Revenues and Other Change in Net Position										
Governmental activities:										
General property taxes	\$ 23,233,023	\$ 24,990,058	\$ 26,502,531	\$ 28,860,512	\$ 33,090,055	\$ 35,991,155	\$ 34,691,569	\$ 34,093,970	\$ 33,726,929	\$ 34,394,416
Local sales and use taxes	3,568,160	3,827,026	3,815,937	3,995,564	3,796,848	3,396,411	3,667,579	3,755,828	3,738,656	3,530,101
Consumer utility taxes	3,239,247	3,130,198	2,493,943	1,578,832	1,778,414	1,678,216	1,691,546	1,658,993	1,761,728	1,638,787
Business license taxes	2,675,192	2,926,116	3,029,257	2,747,595	3,144,714	2,553,424	2,489,284	2,931,183	2,876,387	2,727,728
Motor Vehicle license taxes	588,524	598,616	593,977	595,329	533,365	491,904	493,869	511,083	502,714	487,391
Lodging taxes	272,139	301,209	428,595	470,393	435,520	375,201	340,894	294,194	273,899	268,575
Meals tax	1,130,653	1,201,759	1,286,205	1,459,964	1,316,975	1,361,103	1,376,528	1,559,147	2,211,886	2,423,433
Other local taxes	878,847	925,888	1,147,339	839,751	561,595	664,274	627,076	571,077	566,682	618,970
Unrestricted revenues from use of money and property										
Miscellaneous	380,724	506,158	477,504	507,218	371,424	367,179	346,203	383,397	397,947	487,382
Grants and contributions not restricted to specific programs	340,657	910,762	218,764	114,854	2,224,312	348,002	515,874	472,304	1,285,606	861,739
Gain/(Loss) on sale of assets	2,810,219	3,619,058	3,851,888	5,079,475	4,417,059	4,867,141	4,811,992	4,761,896	4,835,521	4,936,135
Transfers (net)	-	-	212,697	(66,671)	-	-	-	-	-	-
Transfers (net)	(197,058)	(1,516,969)	(644,531)	-	109,928	(143,830)	(252,936)	(499,618)	(802,736)	(878,560)
Total governmental activities	\$ 38,920,327	\$ 41,419,879	\$ 43,414,106	\$ 46,182,816	\$ 51,780,209	\$ 51,950,180	\$ 50,799,478	\$ 50,493,454	\$ 51,375,219	\$ 51,496,097
Business-type activities:										
Unrestricted revenues from use of money and property										
Miscellaneous	\$ -	\$ -	\$ -	\$ 50,284	\$ -	\$ 163,271	\$ 54,511	\$ -	\$ 6,051	\$ 1,335
Transfers	197,058	1,516,969	644,531	-	(109,928)	143,830	252,936	499,618	802,736	878,560
Total business-type activities	\$ 197,058	\$ 1,516,969	\$ 644,531	\$ 50,284	\$ 176,871	\$ 307,101	\$ 307,447	\$ 499,618	\$ 808,787	\$ 879,895
Total primary government	\$ 39,117,385	\$ 42,936,848	\$ 44,058,637	\$ 46,233,100	\$ 51,957,080	\$ 52,257,281	\$ 51,106,925	\$ 50,993,072	\$ 52,184,006	\$ 52,375,992
Change in Net Position										
Governmental activities	\$ (706)	\$ 176,363	\$ 746,727	\$ 2,993,804	\$ 5,650,495	\$ 4,221,863	\$ 256,634	\$ (3,960,224)	\$ (6,627,341)	\$ 7,084,228
Business-type activities	51,598	507,570	1,191,542	6,738,496	8,438,764	171,358	(1,897,594)	(884,493)	(1,869,893)	346,188
Total primary government	\$ 50,892	\$ 683,933	\$ 1,938,269	\$ 9,732,300	\$ 14,089,259	\$ 4,393,221	\$ (1,640,960)	\$ (4,844,717)	\$ (8,497,234)	\$ 7,430,416

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
2005	\$ 23,233,023	\$ 3,568,160	\$ 3,239,247	\$ 2,675,192	\$ 588,524	\$ 272,139	\$ 1,130,653	\$ 878,847	\$ 35,585,785
2006	24,990,058	3,827,026	3,130,198	2,926,116	598,616	301,209	1,201,759	925,888	37,900,870
2007	26,502,531	3,815,937	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

CITY OF PETERSBURG, VIRGINIA

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

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

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

Table 4

	2010	2011	2012	2013	2014
\$	-	\$ 5,015,776	\$ 4,891,455	\$ 5,234,818	\$ 6,001,237
	-	8,225,957	9,148,704	9,148,704	9,148,704
	-	2,631,120	3,080,364	3,509,985	3,969,947
	-	-	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
	4,990,308	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	15,403,526	-	-	-	-
\$	<u>20,393,834</u>	<u>\$ 24,183,112</u>	<u>\$ 21,908,297</u>	<u>\$ 20,072,234</u>	<u>\$ 19,294,395</u>
\$	-	\$ 279,781	\$ 279,781	-	-
	-	1,828,803	1,773,666	1,760,833	1,819,336
	-	-	-	-	7,019
	-	19,001	19,009	19,014	19,017
	-	448,435	462,609	293,342	1,310,891
	-	-	2,863,440	2,943,987	2,695,274
	-	638,400	-	-	-
	-	57,518	-	-	-
	-	164,000	-	-	-
	-	499,540	-	-	-
	-	2,368,980	-	-	-
	-	335,575	-	-	-
	-	22,130	-	-	-
	-	1,215,436	-	-	-
	3,989,903	-	-	-	-
	277,931	-	-	-	-
	1,894,824	-	-	-	-
	-	-	-	-	-
	342,777	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	<u>6,505,435</u>	<u>\$ 7,877,599</u>	<u>\$ 5,398,505</u>	<u>\$ 5,017,176</u>	<u>\$ 5,851,537</u>
\$	<u>26,899,269</u>	<u>\$ 32,060,711</u>	<u>\$ 27,306,802</u>	<u>\$ 25,089,410</u>	<u>\$ 25,145,932</u>

CITY OF PETERSBURG, VIRGINIA

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

	2005	2006	2007	2008	2009
Revenues:					
General property taxes	\$ 23,622,768	\$ 24,706,331	\$ 26,546,575	\$ 28,104,541	\$ 32,299,130
Other local taxes	12,352,762	12,910,812	13,700,105	13,797,559	13,484,673
Permits, privilege fees and regulatory licenses	117,670	169,597	547,715	656,809	660,299
Fines and forfeitures	475,327	596,864	756,124	1,071,755	468,464
Revenue from use of money and property	380,724	506,158	477,504	507,218	371,424
Charges for services	2,437,257	2,441,216	2,802,449	2,787,954	2,494,305
Miscellaneous	900,568	910,762	2,308,411	2,474,098	6,654,314
Recovered costs	748,552	213,361	124,005	466,502	378,789
Intergovernmental:					
Commonwealth	18,955,253	21,961,358	21,677,880	24,218,725	22,958,947
Federal	7,294,590	8,367,269	7,593,655	7,099,686	7,727,510
Total revenues	\$ 67,285,471	\$ 72,783,728	\$ 76,534,423	\$ 81,184,847	\$ 87,497,855
Expenditures:					
General government administration	\$ 3,465,275	\$ 3,556,652	\$ 3,678,061	\$ 4,116,450	\$ 4,360,569
Judicial administration	1,802,404	1,722,388	1,895,420	2,139,494	2,184,145
Public safety	21,488,875	28,969,711	25,312,175	26,459,229	26,566,138
Public works	8,890,604	8,877,879	11,173,225	17,240,364	14,156,676
Health and welfare	13,073,903	13,847,937	14,296,165	16,225,483	15,499,383
Education	10,847,658	9,400,152	8,838,660	14,302,941	13,502,674
Parks, recreation, and cultural	3,004,597	3,833,719	5,549,782	4,153,537	2,659,418
Community development	2,037,795	3,309,515	2,861,651	2,840,006	2,192,083
Debt service:					
Principal retirement	1,443,848	1,720,556	2,590,060	2,960,058	6,248,664
Interest and other fiscal charges	1,246,777	1,356,881	1,448,255	1,449,801	1,497,372
Nondepartmental	677,323	1,315,624	707,417	803,240	959,214
Total expenditures	\$ 67,979,059	\$ 77,911,014	\$ 78,350,871	\$ 92,690,603	\$ 89,826,336
Excess (deficiency) of revenues over expenditures	\$ (693,588)	\$ (5,127,286)	\$ (1,816,448)	\$ (11,505,756)	\$ (2,328,481)
Other financing sources (uses):					
Transfers in	\$ 658,961	\$ 1,381,953	\$ 1,082,083	\$ 1,014,136	\$ 1,357,056
Transfers (out)	(856,019)	(2,692,300)	(1,726,614)	(1,014,136)	(1,247,128)
Proceeds from capital leases	-	508,329	205,500	232,996	782,997
Sale of assets	-	-	-	-	-
Issuance of debt	5,750,088	6,775,277	5,116,857	9,100,000	7,360,000
Premium on debt issued	-	-	-	-	284,941
Proceeds from refunding bonds	-	-	-	-	-
Payment to refunded bond escrow agent	(3,040,895)	-	-	-	-
Total other financing sources (uses)	\$ 2,512,135	\$ 5,973,259	\$ 4,677,826	\$ 9,332,996	\$ 8,537,866
Net changes in fund balances	\$ 1,818,547	\$ 845,973	\$ 2,861,378	\$ (2,172,760)	\$ 6,209,385
Debt service as a percentage of noncapital expenditures	4.06%	3.99%	5.64%	4.79%	9.41%

Table 5

	2010	2011	2012	2013	2014
\$	34,703,935	\$ 34,039,946	\$ 33,388,519	\$ 33,787,723	\$ 33,299,800
	12,445,767	12,602,485	11,281,505	11,931,952	11,694,985
	483,718	426,106	559,870	589,836	570,939
	684,907	673,606	786,925	784,879	714,870
	367,179	346,203	383,397	397,947	487,382
	2,166,093	1,980,201	1,971,784	2,583,808	3,498,762
	3,838,002	3,928,274	472,304	1,285,606	861,739
	315,212	638,918	35,966	1,153,960	1,189,699
	23,278,884	21,417,443	23,474,260	23,044,851	23,487,926
	7,180,048	6,567,302	6,166,684	6,356,920	6,444,971
\$	<u>85,463,745</u>	<u>\$ 82,620,484</u>	<u>\$ 78,521,214</u>	<u>\$ 81,917,482</u>	<u>\$ 82,251,073</u>
\$	3,826,456	\$ 4,098,854	\$ 4,623,610	\$ 5,754,005	\$ 7,163,426
	1,973,393	1,967,127	1,942,608	2,179,386	2,491,818
	27,441,826	28,443,133	29,063,421	28,748,274	27,484,115
	11,689,667	10,264,734	13,148,715	11,822,628	11,417,788
	14,668,974	14,086,084	13,035,375	12,077,260	12,943,794
	10,474,051	13,016,373	10,270,452	12,464,698	10,858,309
	2,431,519	2,470,427	2,366,214	7,711,017	2,968,898
	3,574,257	3,497,736	3,422,572	3,210,767	3,845,518
	6,270,000	5,998,607	3,520,535	4,422,975	2,350,820
	2,400,439	1,337,602	1,108,836	1,309,349	1,306,617
	1,149,019	1,247,187	1,968,166	1,583,016	1,740,834
\$	<u>85,899,601</u>	<u>\$ 86,427,864</u>	<u>\$ 84,470,504</u>	<u>\$ 91,283,375</u>	<u>\$ 84,571,937</u>
\$	<u>(435,856)</u>	<u>\$ (3,807,380)</u>	<u>\$ (5,949,290)</u>	<u>\$ (9,365,893)</u>	<u>\$ (2,320,864)</u>
\$	178,538	\$ 451,234	\$ 493,471	\$ 1,291,148	\$ 870,061
	(322,368)	(704,170)	(993,090)	(2,093,885)	(1,748,621)
	62,106	379,650	165,000	1,030,747	691,910
	350,000	-	-	-	-
	8,560,000	396,000	1,530,000	5,000,000	2,330,000
	3,035	-	-	-	234,035
	-	2,686,689	-	3,751,828	-
	-	(2,596,254)	-	(1,831,338)	-
\$	<u>8,831,311</u>	<u>\$ 613,149</u>	<u>\$ 1,195,381</u>	<u>\$ 7,148,500</u>	<u>\$ 2,377,385</u>
\$	<u>8,395,455</u>	<u>\$ (3,194,231)</u>	<u>\$ (4,753,909)</u>	<u>\$ (2,217,393)</u>	<u>\$ 56,521</u>
	<u>10.44%</u>	<u>9.11%</u>	<u>5.81%</u>	<u>6.49%</u>	<u>4.10%</u>

This page intentionally left blank

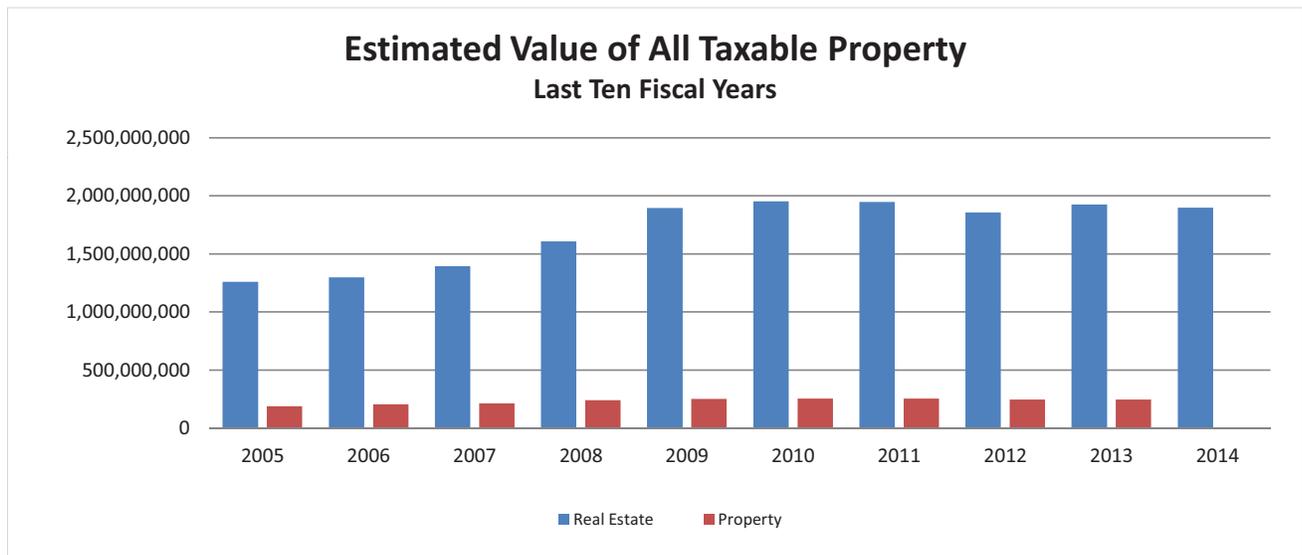
Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

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
2005	\$ 23,622,768	\$ 3,568,160	\$ 3,239,247	\$ 2,675,192	\$ 588,524	\$ 272,139	\$ 1,130,653	\$ 878,847	\$ 35,975,530
2006	24,706,331	3,827,026	3,130,198	2,926,116	598,616	301,209	1,201,759	925,888	37,617,143
2007	26,546,575	3,815,937	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

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)
2005	\$ 1,259,301,355	\$ 187,029,042	\$ 1,446,330,397	\$ 1.73
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

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)
2005	\$ 1.38	\$ 4.30	\$ 3.80	\$ 1.38	1.73
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

Source - Commissioner of the Revenue

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

CITY OF PETERSBURG, VIRGINIA

Principal Business Taxpayers
 Current Year and Nine Years Ago

Taxpayer	2014			Rank	Percentage of Total Assessed Valuation
	Real Property Valuation	Personal Property Valuation	Total Valuation		
Petersburg Hospital LLC	\$ 98,796,700	\$ 10,300,373	\$ 109,097,073	1	5.08%
B I Chemical	28,564,600	56,703,407	85,268,007	2	3.97%
Virginia Electric	7,618,856	61,981,557	69,600,413	3	3.24%
Amsted/Brenco	18,004,100	13,081,354	31,085,454	4	1.45%
Addison/At Crater Woods	26,628,600	-	26,628,600	5	1.24%
Harrison Creek	18,732,700	-	18,732,700	6	0.87%
Georgetown Square	14,233,000	-	14,233,000	7	0.66%
Columbia Gas	648,852	13,212,522	13,861,374	8	0.65%
South Crater Square	13,614,800	-	13,614,800	9	0.63%
Verizon Virginia	1,178,375	12,305,896	13,484,271	10	0.63%
Boars Head	7,989,400	4,878,692	12,868,092	11	0.60%
MPT of Petg/Petg Rehab Hospital	11,241,300	746,262	11,987,562	12	0.56%
Wal-Mart	10,118,300	1,047,682	11,165,982	13	0.52%
Inland Paper	5,267,200	4,027,456	9,294,656	14	0.43%
Infra-Metals	7,577,800	755,973	8,333,773	15	0.39%
Community Health Systems	-	-	-		
Total	\$ <u>270,214,583</u>	\$ <u>179,041,174</u>	\$ <u>449,255,757</u>		<u>20.91%</u>

Source: Commissioner of the Revenue

Table 9

2005				
Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	Percentage of Total Assessed Valuation
\$ 21,457,900	\$ 43,175	\$ 21,501,075	5	1.49%
22,922,300	40,925,646	63,847,946	1	4.41%
35,129,647	94,945	35,224,592	2	2.44%
15,714,300	11,062,305	26,776,605	3	1.85%
-	-	-		
-	-	-		
13,492,000	14,469	13,506,469	6	0.93%
11,213,597	4,405	11,218,002	7	0.78%
-	-	-		
21,400,284	23,129	21,423,413	4	1.48%
-	-	-		
-	-	-		
8,899,500	622,378	9,521,878	8	0.66%
5,151,800	3,510,979	8,662,779	9	0.60%
-	-	-		
-	7,302,364	7,302,364	10	0.50%
<u>\$ 155,381,328</u>	<u>\$ 63,603,795</u>	<u>\$ 218,985,123</u>		<u>15.14%</u>

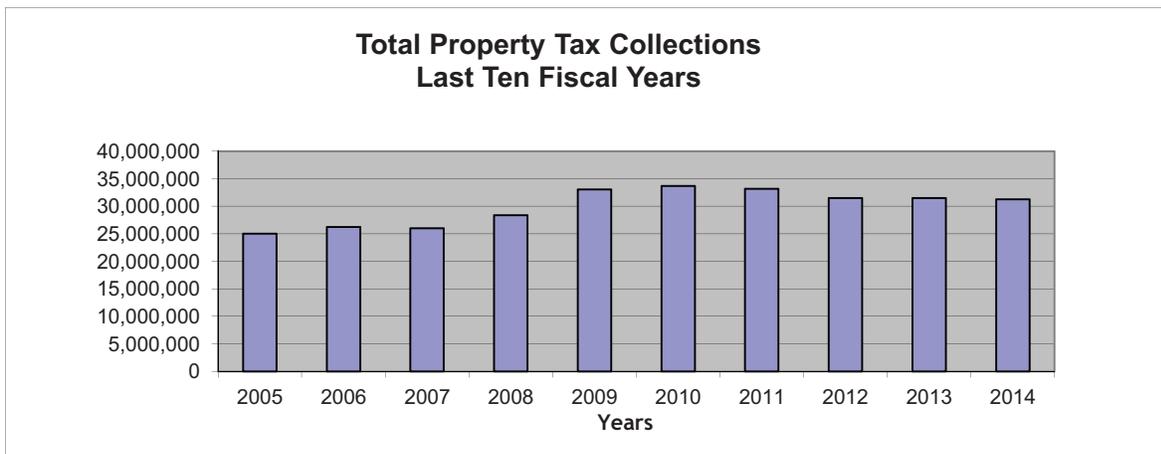
This page intentionally left blank

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Tax Collections				Outstanding Delinquent	
				Delinquent		Total		At End of Fiscal Year (2)	As Percent of Current Levy
				Amount	As Percent of Outstanding Delinquent Taxes	Amount	As Percent of Current Levy		
2005	\$ 25,050,533	\$ 23,334,254	93.15%	\$ 1,704,553	14537.02%	\$ 25,038,807	99.95%	\$ 11,726	0.05%
2006	26,220,677	24,386,327	93.00%	1,829,452	37351.00%	26,215,779	99.98%	4,898	0.02%
2007	26,039,276	23,249,391	89.29%	2,769,835	13814.64%	26,019,226	99.92%	20,050	0.08%
2008	28,468,895	26,388,079	92.69%	2,012,712	2955.35%	28,400,791	99.76%	68,104	0.24%
2009	33,415,398	31,253,720	93.53%	1,794,633	488.94%	33,048,353	98.90%	367,045	1.10%
2010	34,297,170	32,267,620	94.08%	1,435,669	241.74%	33,703,289	98.27%	593,881	1.73%
2011	34,058,168	31,830,367	93.46%	1,346,063	152.66%	33,176,430	97.41%	881,738	2.59%
2012	32,693,624	30,092,517	92.04%	1,426,485	121.44%	31,519,002	96.41%	1,174,622	3.59%
2013	33,280,733	31,079,168	93.38%	437,256	24.78%	31,516,424	94.70%	1,764,309	5.30%
2014	33,169,073	30,643,027	92.38%	603,986	15.76%	31,247,013	94.21%	3,832,505	11.55%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.



CITY OF PETERSBURG, VIRGINIA

Ratios of Outstanding Obligations by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					School Qualified Zone Academy Bonds
	General Obligation Bonds (3)	State Literary Loans (3)	Capital Leases	Notes Payable		
2005	\$ 15,335,974	\$ 6,850,000	\$ 1,108,112	\$ 350,000	\$	5,678,838
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

(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	Notes Payable	Capital Leases	Total Primary Government	Population (1)	Percentage of Personal Income (2)	Net Obligations per Capita
\$ 5,544,075	\$ -	\$ 436,237	\$ 35,303,236	32,352	1.65%	\$ 1,091
4,823,338	-	541,694	39,640,629	31,853	1.77%	1,244
4,092,568	-	510,243	42,054,802	32,612	1.76%	1,290
3,600,988	4,000,000	650,086	48,454,454	31,810	1.93%	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

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 (3)
2005	33,740	\$ 1,446,330,397	\$ 22,185,974	\$ 22,185,974	1.53%	\$ 658
2006	33,740	1,501,110,927	21,461,650	21,461,650	1.43%	636
2007	33,740	1,606,297,755	19,767,403	19,767,403	1.23%	586
2008	33,740	1,845,761,244	18,269,013	18,269,013	0.99%	541
2009	33,740	2,145,920,000	23,754,067	23,754,067	1.11%	704
2010	32,909	2,203,806,896	30,392,417	30,392,417	1.38%	924
2011	32,420	2,201,908,017	28,838,328	28,838,328	1.31%	890
2012	32,420	2,103,969,029	27,815,398	27,815,398	1.32%	858
2013	32,420	2,172,997,945	31,257,281	31,257,281	1.44%	964
2014	32,420	2,148,722,345	32,457,511	32,457,511	1.51%	1,001

(1) United States Census

(2) From Table 7

(3) Does not include debt payable from Enterprise activities

Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin
 Fiscal Year Ended June 30, 2014

	<u>Total Direct Debt (1)</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
City of Petersburg	\$ 42,483,467	100%	\$ 42,483,467
Total assessed value of real estate			\$ <u>1,926,214,795</u>
10% legal debt limit			\$ <u><u>192,621,480</u></u>

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

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

(1) Total direct debt includes the following:

General Obligation Bonds	\$ 29,432,511
State Literary Fund Loans	3,025,000
Capital leases	1,883,854
Notes payable	1,346,407
School Qualified Zone Academy Bonds	<u>6,795,695</u>
Total	<u>\$ 42,483,467</u>

The City of Petersburg has no overlapping debt.

Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenues and Other Charges	Less: Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Public Utility Fund:							
2005	\$ 6,391,549	\$ 5,947,644	\$ 443,905	\$ 969,152	\$ 359,294	\$ 1,328,446	0.33
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
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

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

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

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

Demographic Statistics

Fiscal Year	Registered Voters	School Enrollment	Unemployment Rate	Population (1)
2005	18,096	5,034	7.10%	32,352
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

Census Statistics

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

(1) Weldon Cooper Center for Public Service.

Major Private Employers
For the Fiscal Year Ending June 30, 2014

Company	Description of Business	Approximate Employment	
		Current	Percentage of Total City Employment
Southside Regional Medical Center	Hospital medical services	1500+	11.71%
Amsted Rail Company, Inc.	Roller bearings	250-500	2.93%
Horizon Mental Health Management, Inc.	Medical services	250-500	2.93%
Wal-Mart	Retail sales	250-500	2.93%
District 19 Mental Health and Retardation Services	Medical services	100-250	1.37%
Beverly Home Care	Medical services	100-250	1.37%
Good Neighbor Homes, Inc	Nursing & residential care	100-250	1.37%
B. I. Chemicals	Pharmaceuticals	100-250	1.37%
Rehabilitation Hospital, Inc	Medical services	100-250	1.37%
Virginia Linen	Linen processing	100-250	1.37%
Quality Plus Service	Engineering/Construction	100-250	1.37%

Source: Individual City departments

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

People who live and work in the area	2,589
In-commuters	9,592
Total City employment	<u>12,181</u>

Data for the previous ninth year is unavailable at publication.

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

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City:										
Salaried	696	681	686	695	704	772	789	770	773	770
Part-time temporary	239	226	234	252	299	299	332	320	322	300
Public safety										
Police protection	147	147	147	130	145	160	160	160	160	166
Fire protection	95	94	94	96	95	97	97	100	98	98
Jail facilities	86	87	88	91	89	88	88	94	94	95
School Board										
Administrative personnel	42	42	54	38	38	37.5	33.5	37	37	37
Instructional personnel	436	432	429	465	447	557	529.5	617	617	617
All other personnel	378.5	415	403	291	287	173.5	167.5	183	183	183
Totals *	<u>1,792</u>	<u>1,796</u>	<u>1,806</u>	<u>1,741</u>	<u>1,775</u>	<u>1,839</u>	<u>1,852</u>	<u>1,927</u>	<u>1,932</u>	<u>1,907</u>

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

	2005	2006	2007	2008	2009
Police protection:					
Law violations	22,223	20,398	19,190	9,666	n/a
Traffic violations	6,729	8,207	11,961	8,866	n/a
Arrests reported:					
Adults	4,551	4,227	4,428	3,433	n/a
Juveniles	377	370	315	232	n/a
Calls for service	59,289	61,265	55,193	53,023	n/a
Jail facility inmates:					
Jail	193	182	210	213	202
Jail annex	62	61	28	21	48
Riverside Regional	89	89	148	61	128
Community Development:					
Building permits:					
Number issued	904	1,245	1,336	1,444	1,249
Valuation	\$ 26,849,246	\$ 44,724,170	\$ 116,953,757	\$ 88,818,121	\$ 42,719,115
Public Utilities:					
Number of active consumers	11,395	11,399	10,365	11,028	10,467
Water purchased (annually)-gallons	1.7 billion	1.7 billion	1.7 billion	1.64 billion	1.654 billion

n/a = not available at publication

Source: Individual City departments

Table 18

2010	2011	2012	2013	2014
n/a	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
202	184	140	191	178
227	30	25	26	30
124	132	115	86	100
1,021	925	1,084	904	904
\$ 38,289,390	\$ 60,225,074	\$ 30,400,872	38,993,367	38,993,367
11,247	11,165	11,165	11,388	12,297
1.750 billion	1.900 billion	1.800 billion	1.73 billion	1.6 billion

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire protection:										
Number of stations	4	4	4	4	4	4	4	4	4	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	3,090	3,335
Traffic signals:										
Signalized intersections	57	57	57	57	57	57	57	58	58	62
Lights	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,450	1,450	1,450
Heads	467	467	467	467	467	467	467	464	464	464
Curbs	39	39	39	39	39	39	39	39	39	39
School signals (flashing lights)	11	11	11	11	11	11	11	18	18	18
Other signals (flashing lights)	4	4	4	4	4	4	4	7	7	7
Caution flashing lights	17	17	17	17	17	17	17	14	14	14
Pedestrian signals	54	54	54	54	54	54	54	112	112	112
Sewers:										
Storm - miles	19	19	19	19	19	19	19	19	19	19
Sanitary - miles	191	191	191	191	191	191	191	211	211	211
Public Utilities:										
Water mains - miles	254	254	254	254	254	254	254	275	275	275
Number of hydrants	1,230	1,230	1,230	1,230	1,230	1,230	1,230	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
Swimming pools	2	2	2	2	2	2	2	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
Middle school grades 6-7	2	2	2	2	2	1	1	1	1	1
Elementary schools K-5	7	7	7	7	7	4	4	4	4	4
Early childhood center	-	-	-	-	-	1	1	1	1	1

Source: Individual City departments

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia as of and for the year ended June 30, 2014, 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 December 5, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
December 5, 2014

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, 2014. 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, 2014.

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

December 5, 2014, except for the Schedule of Findings and Questioned Costs, as described in the Notes to the Schedule of Expenditures of Federal Awards, as to which the date is June 30, 2015.

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit - Reissued
Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Direct payments:</u>			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	\$ 163,625
<u>Pass through payments:</u>			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110	<u>786,764</u>
Total Department of Agriculture			<u>\$ 950,389</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Direct payments:</u>			
Highway Planning and Construction	20.205	N/A	\$ 193,394
Federal Transit Cluster:			
AARA - Federal Transit - Capital Investment Grants	20.500	N/A	\$ 150,266
Federal Transit Formula Grants	20.507	N/A	<u>2,374,862</u> 2,525,128
<u>Pass through payments:</u>			
Division of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	Unknown	<u>66,772</u>
Total Department of Transportation			<u>\$ 2,785,294</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Pass through payments:</u>			
Department of Housing and Community Development:			
Community Development Block Grants / States Program and Non-entitlements grants in Hawaii	14.228	53505-49380	\$ 870,732
Lead-based Hazard Control in Privately-Owned Housing	14.900	Unknown	<u>144,160</u>
Total Department of Housing and Urban Development			<u>\$ 1,014,892</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950110	\$ 26,194
Temporary Assistance for Needy Families	93.558	0400111	922,215
Refugee and Entrant Assistance-State Administered Programs	93.566	0500111	4,682
Low-Income Home Energy Assistance	93.568	0600411	93,940

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit - Reissued
Year Ended June 30, 2014 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT: (Continued)			
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)</u>			
<u>Pass through payments: (Continued)</u>			
Department of Social Services: (Continued)			
Child Care and Development Fund Cluster:			
Child Care and Development Block Grant	93.575	0770110	\$ (388)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	<u>124,891</u> \$ 124,503
Chafee Education and Training Vouchers Program	93.599	9160110	782
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110	6,141
Foster Care-Title IV-E	93.658	1100111	515,679
Adoption Assistance	93.659	1120111	589,946
Social Services Block Grant	93.667	1000111	868,910
Chafee Foster Care Independence Program	93.674	9150110	10,292
Children's Health Insurance Program	93.767	0540111	23,018
Medical Assistance Program	93.778	1200111	<u>686,218</u>
Total Department of Health and Human Services			<u>\$ 3,872,520</u>
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Department of Criminal Justice Services:			
Missing Children's Assistance	16.543	Unknown	\$ 33,559
Bulletproof Vest Partnership Program	16.607	Unknown	5,204
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unknown	<u>102,128</u>
Total Department of Justice			<u>\$ 140,891</u>
<u>DEPARTMENT OF TREASURY:</u>			
<u>Direct payments:</u>			
Forfeited Assets	21.000	n/a	<u>\$ 115,486</u>
<u>DEPARTMENT OF LABOR:</u>			
<u>Pass through payments:</u>			
Crater Regional Workforce Investment Group:			
Governor's Employment and Training Department:			
Workforce Investment Act - Youth Activities	17.259	Unknown	<u>\$ 65,399</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	Unknown	<u>\$ 10,675</u>
Total Primary Government			<u><u>\$ 8,955,546</u></u>

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit - Reissued
Year Ended June 30, 2014 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
COMPONENT UNIT-SCHOOL BOARD:			
DEPARTMENT OF AGRICULTURE:			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food Distribution	10.555	Unknown	\$ 124,507
Department of Education:			
National School Lunch Program	10.555	17901-40623	1,277,390
National School Breakfast Program	10.553	17901-40591	394,120
Fresh Fruit and Vegetable Program	10.582	17901-40599	120,513
Total Department of Agriculture			<u>\$ 1,916,530</u>
DEPARTMENT OF DEFENSE:			
<u>Direct payments:</u>			
ROTC Instruction	12.000	n/a	<u>\$ 68,820</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<u>Pass through payments:</u>			
County of Richmond, Virginia:			
Head Start	93.600	Unknown	<u>\$ 923,255</u>
DEPARTMENT OF EDUCATION:			
<u>Pass through payments:</u>			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 2,490,978
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	17901-43071	\$ 994,427
Special Education - Preschool Grants	84.173	17901-62521	30,006
Career and Technical Education - Basic Grants to States	84.048	17901-61095	130,758
Education for Homeless Children and Youth	84.196	N/A	12,000
Twenty-first Century Community Learning Centers	84.287	17901-60565	242,699
School Improvement Grants Cluster:			
School Improvement Grants	84.377	17901-43040	\$ 1,004,940
AARA School Improvement Grants	84.388	N/A	252,909
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334	N/A	1,156
English Language Acquisition State Grants	84.365	17901-60512	18,984
Improving Teacher Quality State Grants	84.367	17901-61480	379,875
Total Department of Education			<u>\$ 5,558,732</u>
Total Component Unit School Board			<u>\$ 8,467,337</u>
Total Expenditures of Federal Awards			<u>\$ 17,422,883</u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards - Reissued
For The Year Ended June 30, 2014

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Petersburg, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the reporting requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of operations of the City of Petersburg, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Petersburg, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	4,673,838
Capital Projects		125,261
Nonmajor governmental funds		1,645,872
Mass Transit		2,525,130
School Board		<u>8,467,337</u>
Total federal expenditures per basic financial statements	\$	17,437,438

Amounts required to reconcile federal revenues to expenditures:

Less: FEMA funds for prior year expenditures		<u>(14,555)</u>
--	--	-----------------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>17,422,883</u></u>
---	----	--------------------------

Note 5 - Explanation of Reissued Schedule of Expenditures of Federal Awards and Schedule of Findings and Questioned Costs

The previously issued schedule of expenditures of federal awards and schedule of findings and questioned costs were reissued to include federal program CFDA - 20.500 and 20.507, Federal Transit Cluster as expenditures of federal awards as a major program.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs - Reissued
 Year Ended June 30, 2014

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
10.553 / 10.555 / 10.559	Child Nutrition Cluster
84.377 / 84.388	School Improvement Grants Cluster
93.659	Adoption Assistance
93.778	Medical Assistance Program
20.500 / 20.507	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$522,686
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 and Questioned Costs

There are no prior year findings and questioned costs to report.

This page intentionally left blank