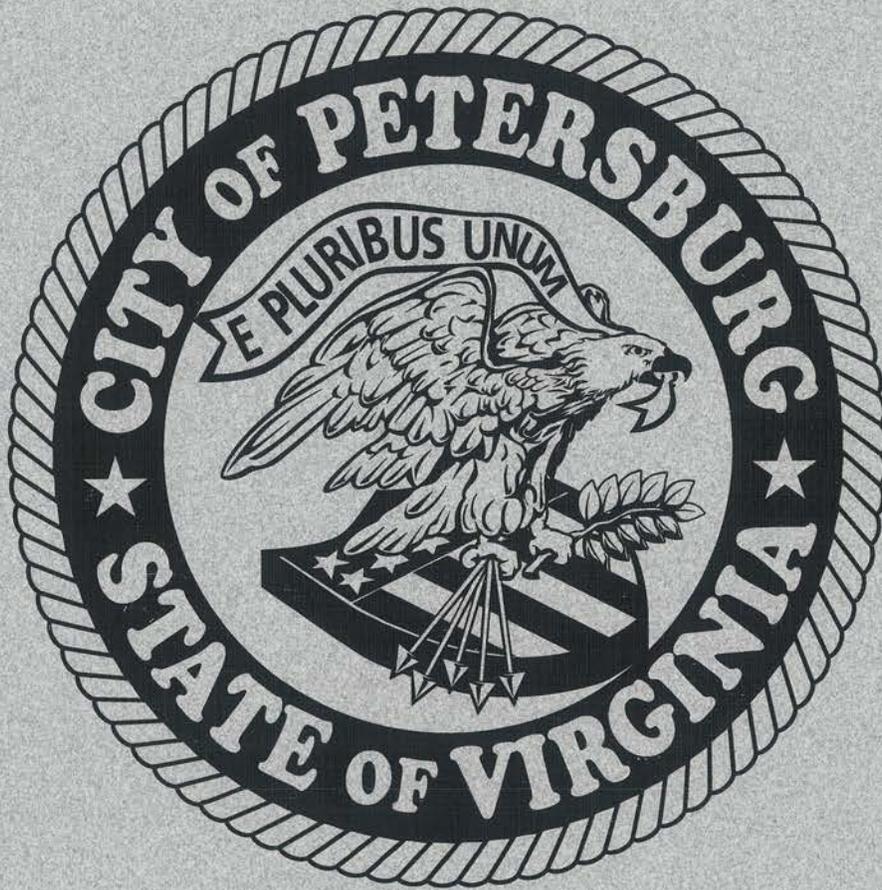
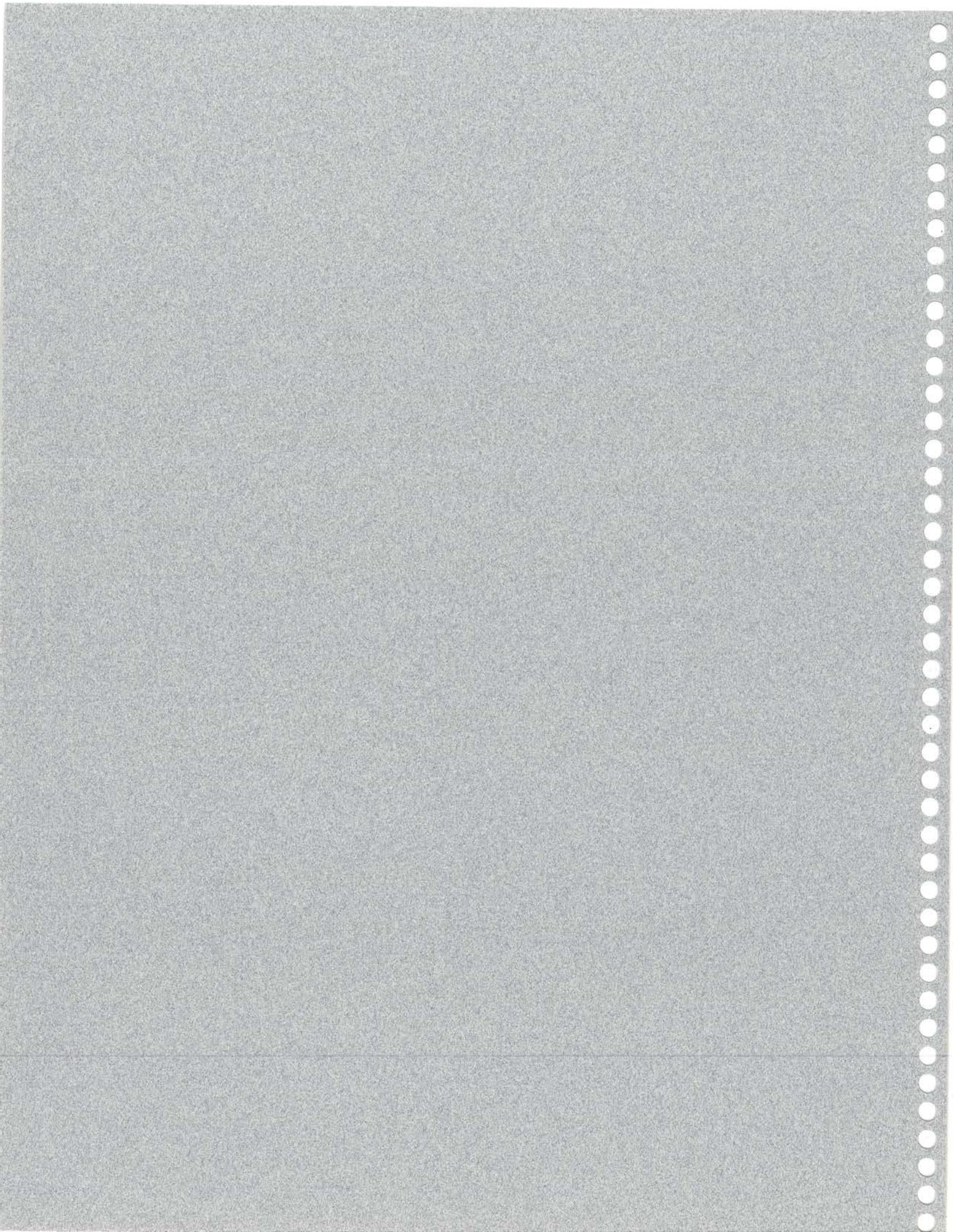


**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**
City of Petersburg, Virginia



**For the Fiscal Year
ended June 30, 2008**



City of Petersburg, Virginia

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008**

Prepared By:

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

CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2008

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**CITY OF PETERSBURG, VIRGINIA
CITY COUNCIL AND EXECUTIVE OFFICERS
June 30, 2008**

CITY COUNCIL

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

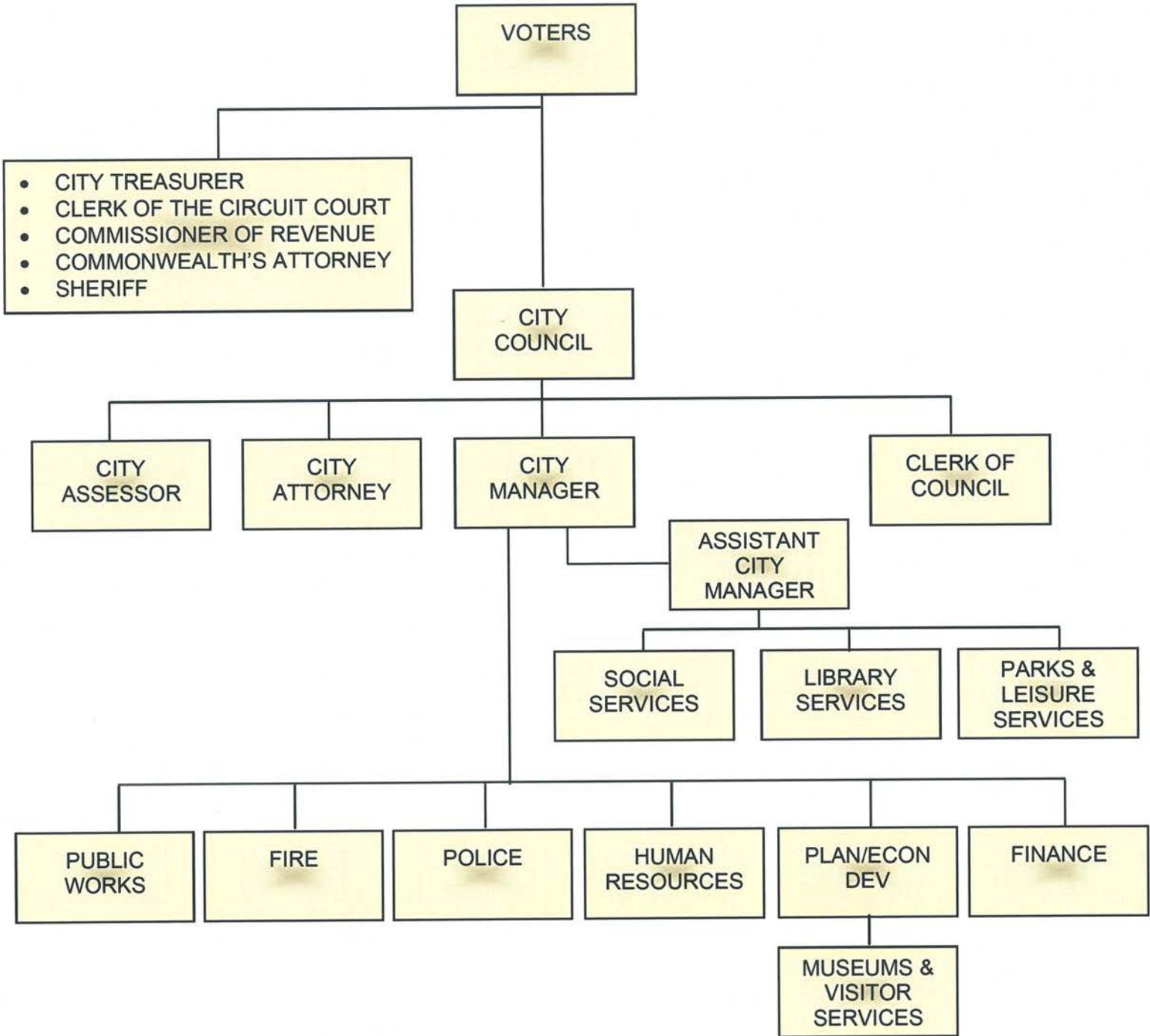
CONSTITUTIONAL OFFICERS

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

CITY ADMINISTRATION

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

CITY OF PETERSBURG, VIRGINIA ORGANIZATIONAL CHART



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

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (specifications). Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

As reflected in note 12 to the basic financial statements, the City adopted the provisions of GASB Statement No. 50, *Pension Disclosures*, an Amendment of GASB Statements No. 25 and No. 27, effective July 1, 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis on pages 3 through 12, the budgetary comparison schedule and related notes on pages 69 and 71, and the schedule of pension funding progress on page 70, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

KPMG LLP

May 12, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

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, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$55,607,974 (net assets). Of this amount, \$5,869,602 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$18,439,965, a decrease of \$2,172,760 in comparison with the prior year. Thirty-six percent of this amount (\$6,554,459) is available for spending at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$11,935,086 or 16 percent of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a City's financial position. In the case of the City, assets exceeded liabilities by \$55,607,974 at the close of the fiscal year.

Government-wide Financial Analysis (Continued)

**City of Petersburg, Virginia
Schedule of Assets, Liabilities and Net Assets
Governmental and Business-Type Activities
As of the Fiscal Years Ended June 30, 2008 and 2007**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 28,234,407	\$ 27,635,099	\$ 6,831,406	\$ 4,062,664	\$ 35,065,813	\$ 31,697,763
Capital assets	55,613,789	48,472,562	33,931,348	22,297,231	89,545,137	70,769,793
Total assets	<u>83,848,196</u>	<u>76,107,661</u>	<u>40,762,754</u>	<u>26,359,895</u>	<u>124,610,950</u>	<u>102,467,556</u>
Current liabilities	14,439,154	9,243,958	6,209,048	1,909,044	20,648,202	11,153,002
Long-term liabilities outstanding	40,824,436	41,272,901	7,530,338	4,165,979	48,354,774	45,438,880
Total liabilities	<u>55,263,590</u>	<u>50,516,859</u>	<u>13,739,386</u>	<u>6,075,023</u>	<u>69,002,976</u>	<u>56,591,882</u>
Net assets:						
Invested in capital assets, net of related debt	16,802,876	11,349,587	25,697,774	17,746,920	42,500,650	29,096,507
Restricted	2,086,098	1,934,491	5,151,624	5,536,340	7,237,722	7,470,831
Unrestricted	9,695,632	12,306,724	(3,826,030)	(2,998,388)	5,869,602	9,308,336
Total net assets	<u>\$ 28,584,606</u>	<u>\$ 25,590,802</u>	<u>\$ 27,023,368</u>	<u>\$ 20,284,872</u>	<u>\$ 55,607,974</u>	<u>\$ 45,875,674</u>

A large part of the City's net assets (76%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities increased the City's net assets by \$2,993,804, while business-type activities increased \$6,738,496. Key elements of these increases are as follows:

City of Petersburg, Virginia
Changes in Net Assets
Governmental and Business-Type Activities
For Fiscal Years Ended June 30, 2008 and 2007

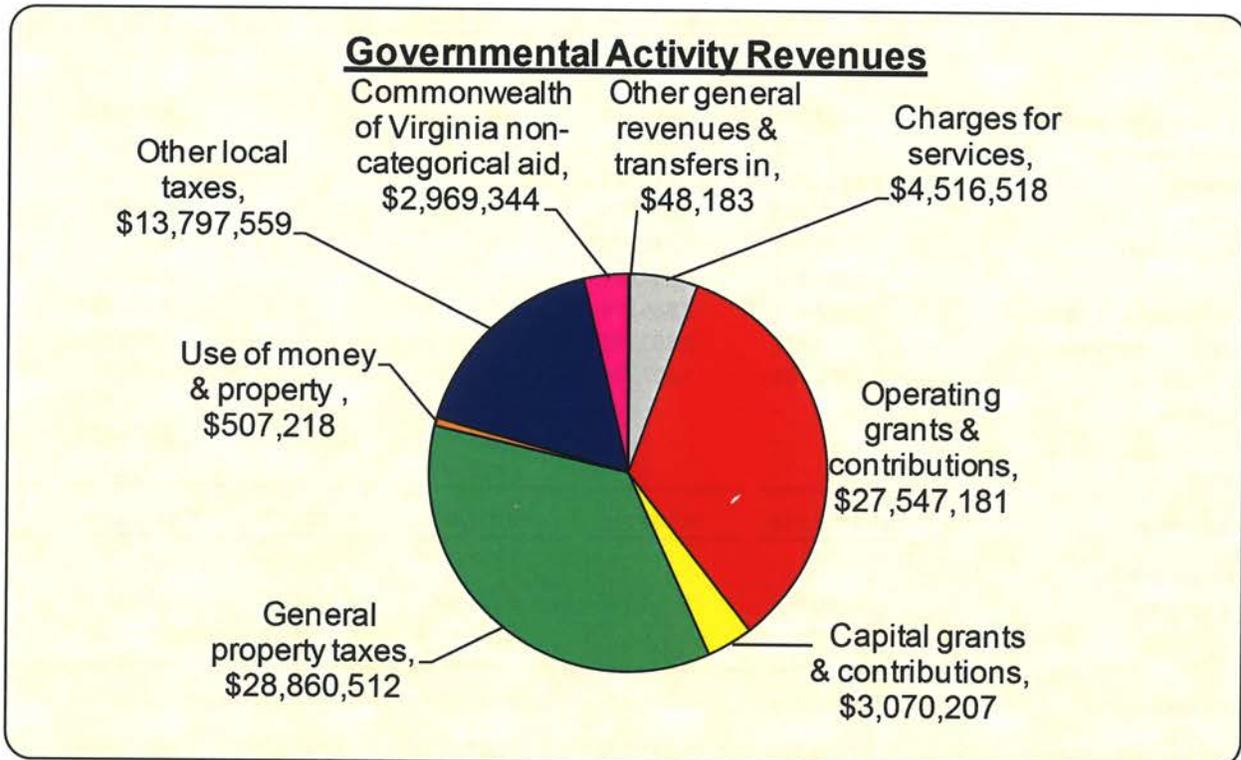
	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 4,516,518	\$ 4,106,288	\$ 7,738,648	\$ 6,993,101	\$ 12,255,166	\$ 11,099,389
Operating grants and contributions	27,547,181	25,505,914	1,415,667	1,209,175	28,962,848	26,715,089
Capital grants and contributions	3,070,207	2,922,112	9,571,396	2,542,369	12,641,603	5,464,481
General revenues:						
General property taxes	28,860,512	26,502,531	-	-	28,860,512	26,502,531
Other local taxes	13,797,559	13,700,105	-	-	13,797,559	13,700,105
Use of money and property	507,218	477,504	50,284	-	557,502	477,504
Grants and contributions not restricted to specific programs	2,969,344	2,947,036	-	-	2,969,344	2,947,036
Other general revenues	48,183	218,764	-	-	48,183	218,764
Total revenues	81,316,722	76,380,254	18,775,995	10,744,645	100,092,718	87,124,899
Expenses:						
General government administration	4,409,342	3,678,612	-	-	4,409,342	3,678,612
Judicial administration	2,209,742	2,060,239	-	-	2,209,742	2,060,239
Public safety	26,424,002	24,813,123	-	-	26,424,002	24,813,123
Public works	12,120,847	14,099,461	-	-	12,120,847	14,099,461
Health and welfare	16,441,259	14,564,276	-	-	16,441,259	14,564,276
Education	9,461,387	9,204,061	-	-	9,461,387	9,204,061
Parks, recreation, and cultural	3,862,492	2,685,776	-	-	3,862,492	2,685,776
Community development	2,206,472	2,555,722	-	-	2,206,472	2,555,722
Interest	1,187,375	1,327,726	-	-	1,187,375	1,327,726
Public Utility	-	-	8,393,991	7,273,942	8,393,991	7,273,942
Mass Transit	-	-	3,021,131	2,923,692	3,021,131	2,923,692
Golf Course	-	-	622,377	-	622,377	-
Total expenses	78,322,918	74,988,996	12,037,499	10,197,634	90,360,417	85,186,630
Change in net assets before transfers	2,993,804	1,391,258	6,738,496	547,011	9,732,300	1,938,269
Transfers	-	(644,531)	-	644,531	-	-
Change in net assets	2,993,804	746,727	6,738,496	1,191,542	9,732,300	1,938,269
Net assets beginning of year	25,590,802	24,844,075	20,284,872	19,093,330	45,875,674	43,937,405
Net assets end of year	\$ 28,584,606	\$ 25,590,802	\$ 27,023,368	\$ 20,284,872	\$ 55,607,974	\$ 45,875,674

Government-wide Financial Analysis (Continued)

The City's net assets increased \$9,732,300 during the current fiscal year. This increase was reflective of an increase in net assets of business-type activities of \$6,738,496 and an increase of \$2,993,804 in governmental activities. Governmental activity revenues increased from \$76,380,254 to \$81,316,722 an increase of \$4,936,468. The more significant increases are noted in property taxes (\$2,357,981) and operating grants and contributions, which increased primarily due to increased state and federal grants for public assistance (\$907,763) and transportation (\$1,158,102). Governmental expenses increased from \$74,988,996 to \$78,322,918 or \$3,333,922. Key elements of increases are noted in Health and Welfare, Parks and Recreation, and Public Safety. Expenditures for Health and Welfare increased by 13 percent (\$1,876,983) due primarily to increased public assistance expenditures of \$1,027,859. Parks and recreation expenses grew by \$1,176,716 and Public Safety expenses grew by 6 percent (\$1,610,879) reflected primarily in the City Police Department (\$809,031) and Jail operations (\$709,793). Overall, the City changes in net assets for governmental activities were \$2,993,804 or 4% of expenses.

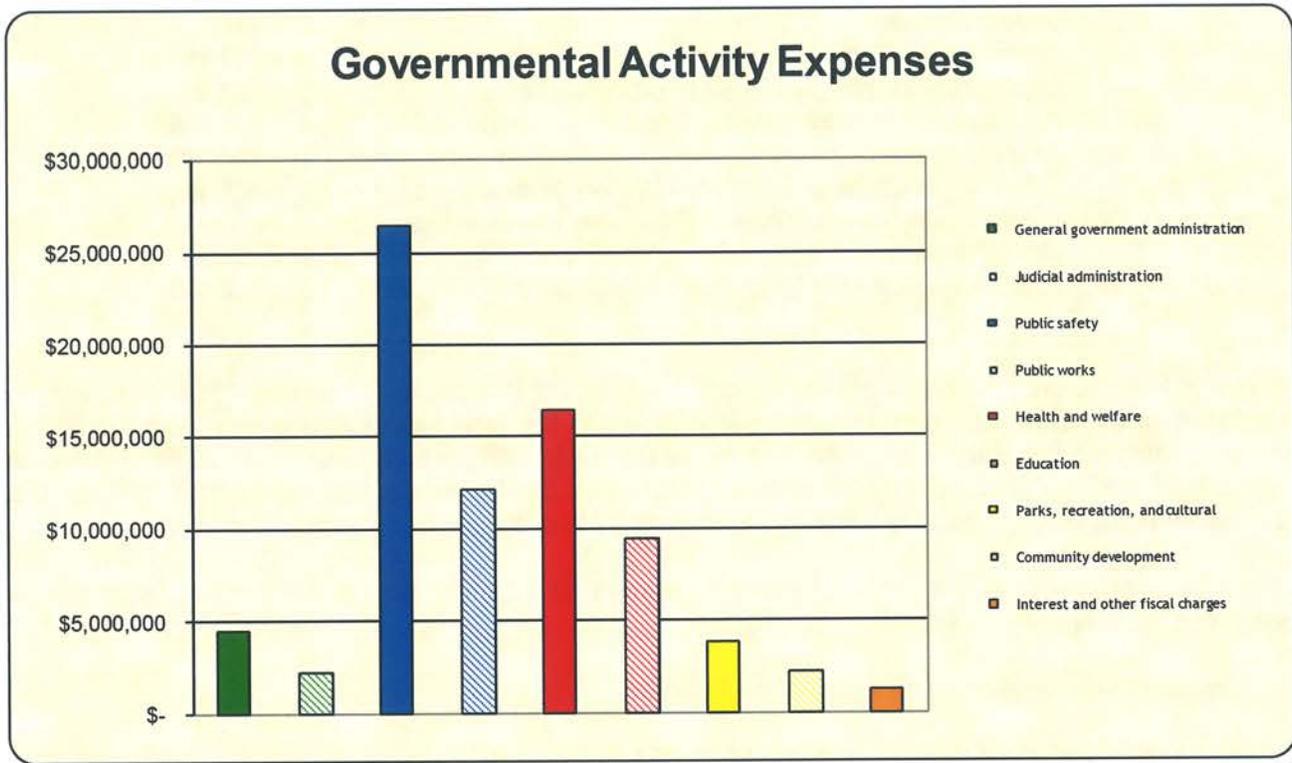
Net assets increased in the business-type activities by \$6,738,496. This increase is attributed principally to capital contributions in the Public Utility and Mass Transit Funds for tap fees of \$2,210,427 and \$7,360,969, respectively. The Mass Transit Fund's net assets increased by \$6,268,465 while the City's Public Utility Fund net assets increased by \$904,328. The Golf Course opened in FY08 and incurred a net loss of \$434,297 resulting from expenses of \$622,377 exceeding revenue of \$188,080. The City anticipates additional fee revenue in FY09 to offset the expenses of the Golf Course operation.

The chart below provides an overview of FY 07-08 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 \$18,439,965, a decrease of \$2,172,760 in comparison with the prior year. Approximately 36% of this total amount (\$6,554,459) constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed or is not available for appropriation:

Financial Analysis of the City's Funds (Continued)

1) Construction commitments	\$ 1,804,898
2) Encumbrances	\$ 1,470,314
3) Inventory and land held for resale	\$ 4,652,161
4) Landfill closure and post-closure monitoring costs	\$ 1,750,000
5) Future expenditure for community development	\$ 122,035
6) Asset forfeiture	\$ 194,000
7) Future expenditure for Blanford Cemetery perpetual care	\$ 1,871,157
8) Future expenditure for Clara J. McKenney Memorial Fund scholarships	\$ 18,941
9) Future expenditure of library endowment funds	\$ 2,000

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$11,935,086, while the total fund balance was \$20,001,561. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16% of total General Fund expenditures, while total fund balance represents 27% of that same amount.

The fund balance of the City's General Fund increased \$1,589,406 during the current fiscal year. Key factors in the increase are as follows:

- An increase in general property taxes of \$1,557,966.
- An increase in public safety expenditures of \$1,954,870.
- An increase of \$1,929,318 in health and welfare expenditures.
- A decrease of \$737,588 in public works expenditures.

The City's other governmental funds reflected an overall decrease in fund balances of \$3,762,166. The Capital Projects fund balance decreased \$3,437,211 and the other non-major funds decreased \$324,955. The decrease in the Capital Projects fund was primarily caused by the expenditure for several public works capital projects, including the construction of Hospital Road, that is expected to be funded with proceeds from debt issuance in the next fiscal year.

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

Unrestricted net assets (deficit) of the Public Utility Fund, Mass Transit Fund and the Golf Course at the end of the year were (\$161,437), (\$2,965,932), and (\$698,661), respectively. The total change in net assets for these funds was \$6,738,496. This increase is primarily attributable to the increase in net assets of the Mass Transit Fund of \$6,268,465, which is due to increased capital contributions consisting of state and federal funding for the construction of a new mass transit center.

General Fund Budgetary Highlights

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

- An increase of \$341,338 for the police department.
- An increase of \$446,000 for social services due to increased programs and case load requirements
- An increase of \$525,519 in fire department.
- An increase of \$321,837 in public works for highways, streets, bridges and sidewalk maintenance.
- An increase of \$109,950 in the community development to increase the tourist promotion program.

As noted earlier, most of these programs are funded from state and Federal grant sources. Budgeted revenue amounts from the Commonwealth of Virginia and Federal government were increased by a combined \$1,124,719. During the year ended June 30, 2008, the local revenue budgeted amounts increased by a total of \$850,560.

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

- The City Jail expenditures exceeded the final budget by \$460,672. Significant variances within this area included higher than budgeted expenses in salaries and benefits (\$384,788); contractual services (\$125,235) and food (\$97,990).
- Police department expenditures exceeded the budget by \$176,032
- Parks, recreation and cultural expenditures exceeded the budget by \$92,311.

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, 2008 totaled \$89,545,137 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, water capacity rights intangibles, vehicles, and machinery and equipment. Current year depreciation on the assets amounted to \$5,771,380 in the governmental activities and \$1,067,220 in the business-type activities. The City's governmental capital assets, net of accumulated depreciation, increased \$7,141,227 due primarily to the increase in construction in progress of two school additions at the Jeb Stuart and A.P. Hill schools. The City's business-type capital assets, net of accumulated depreciation, increased \$11,634,117, due primarily to the on-going construction of a new Mass Transit Center. More detailed information on the City's capital assets can be found in note 6 of this report.

Long-term debt - At the end of the current fiscal year, the City governmental activities had total long-term obligations outstanding of \$47,283,222 and the business-type activities had \$8,395,704. Of these amounts \$21,698,229 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 two notes totaling \$9,100,000 for school building renovation projects and issued capital lease obligations in the amount of \$502,996 for equipment purchases. The City also issued and redeemed \$5,000,000 of tax revenue anticipation notes during the year. More detailed information on the City's long-term obligations can be found in the note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

Based on available economic data, trends for the local economy have continued to grow. The local unemployment rate was 7.7% at June 30, 2008, which is higher than the 6.0% at June 30, 2007.

This factor was considered in preparing the City's budget for the 2009 fiscal year. The budget for FY '09 totals \$90,746,680, which is an increase of \$6,296,416 or 7.46% over the fiscal 2008 approved budget. The real estate tax rate of \$1.35 per \$100 assessment remains unchanged.

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

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

Requests for Information

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

Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 5,475,188	\$ -	\$ 5,475,188	\$ 391,561
Investments	1,512,914	-	1,512,914	-
Receivables (net of allowance for uncollectibles):				
Property taxes	3,617,648	-	3,617,648	-
Accounts receivable	880,721	1,739,114	2,619,835	223,126
Inventory and land held for resale	4,652,161	467,327	5,119,488	509,481
Prepaid asset	-	435,000	435,000	-
Due from Primary Government	-	-	-	1,253,897
Internal balances	4,761,978	(4,761,978)	-	-
Due from other governmental units	7,333,797	4,235,319	11,569,116	3,135,772
Total Current Assets	28,234,407	2,114,782	30,349,189	5,513,837
Noncurrent Assets:				
Prepaid asset	-	4,716,624	4,716,624	-
Capital assets (net of accumulated depreciation):				
Land	6,884,657	5,581,677	12,466,334	5,000
Water capacity rights intangible asset	-	3,094,000	3,094,000	-
Utility plant in service	-	12,751,087	12,751,087	-
Vehicles	935,708	2,483,009	3,418,717	768,478
Equipment and machinery	6,628,639	257,511	6,886,150	288,210
Buildings and improvements	22,400,127	-	22,400,127	8,275,881
Infrastructure	4,695,762	-	4,695,762	-
Construction in progress	14,068,896	9,764,064	23,832,960	1,000,959
Total Capital Assets, net	55,613,789	33,931,348	89,545,137	10,338,528
Total Noncurrent Assets	55,613,789	38,647,972	94,261,761	10,338,528
Total Assets	83,848,196	40,762,754	124,610,950	15,852,365
LIABILITIES:				
Current Liabilities:				
Cash overdrafts	-	797,693	797,693	-
Accounts payable and accrued expenses	4,981,850	3,894,810	8,876,660	466,725
Accrued salaries payable	1,193,216	84,579	1,277,795	3,334,277
Accrued interest payable	430,264	93,362	523,626	-
Deposits held in escrow	69,908	473,238	543,146	-
Unearned revenue	7,576	-	7,576	315,268
Due to Component Unit School Board	1,253,897	-	1,253,897	-
Due to other governmental units	43,657	-	43,657	-
Current portion of long-term obligations	6,458,786	865,366	7,324,152	319,661
Total Current Liabilities	14,439,154	6,209,048	20,648,202	4,435,931
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	40,824,436	7,530,338	48,354,774	2,107,587
Total Liabilities	55,263,590	13,739,386	69,002,976	6,543,518
NET ASSETS				
Invested in capital assets, net of related debt	16,802,876	25,697,774	42,500,650	8,684,222
Restricted for SCWA debt service	-	5,151,624	5,151,624	-
Restricted for asset forfeiture	194,000	-	194,000	-
Restricted for perpetual care - nonexpendable	1,892,098	-	1,892,098	-
Unrestricted	9,695,632	(3,826,030)	5,869,602	624,625
Total Net Assets	28,584,606	27,023,368	55,607,974	9,308,847
Total Liabilities and Net Assets	\$ 83,848,196	\$ 40,762,754	\$ 124,610,950	\$ 15,852,365

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

Statement of Activities
Fiscal Year Ended June 30, 2008

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT:							
Governmental Activities:							
General government administration	\$ 4,409,342	\$ -	\$ 373,318	\$ -	\$ (4,036,024)	\$ -	\$ (4,036,024)
Judicial administration	2,209,742	1,112,344	1,209,709	-	112,311	-	112,311
Public safety	26,424,002	967,272	8,763,661	-	(16,693,069)	-	(16,693,069)
Public works	12,120,847	2,116,599	4,468,129	3,070,207	(2,465,912)	-	(2,465,912)
Health and welfare	16,441,259	-	11,737,712	-	(4,703,547)	-	(4,703,547)
Education	9,461,387	-	-	-	(9,461,387)	-	(9,461,387)
Parks, recreation, and cultural	3,862,492	131,968	392,080	-	(3,338,444)	-	(3,338,444)
Community development	2,206,472	188,335	602,572	-	(1,415,565)	-	(1,415,565)
Interest	1,187,375	-	-	-	(1,187,375)	-	(1,187,375)
Total Government Activities	78,322,918	4,516,518	27,547,181	3,070,207	(43,189,012)	-	(43,189,012)
Business-Type Activities:							
Public utility	8,393,991	7,037,608	-	2,210,427	-	854,044	854,044
Mass transit	3,021,131	512,960	1,415,667	7,360,969	-	6,268,465	6,268,465
Golf Course	622,377	188,080	-	-	(434,297)	-	(434,297)
Total Business-Type Activities	12,037,499	7,738,648	1,415,667	9,571,396	-	6,688,212	6,688,212
Total Primary Government	\$ 90,360,417	\$ 12,255,166	\$ 28,962,848	\$ 12,641,603	(43,189,012)	6,688,212	(36,500,800)
COMPONENT UNIT:							
School Board	\$ 51,740,068	\$ 943,816	\$ 41,511,451	\$ -			(9,284,801)
General revenues:							
General property taxes					28,860,512	-	28,860,512
Local sales and use taxes					3,995,564	-	3,995,564
Communications taxes					2,110,131	-	2,110,131
Consumer utility taxes					1,578,832	-	1,578,832
Business license taxes					2,747,595	-	2,747,595
Bank stock taxes					107,260	-	107,260
Motor vehicle licenses					595,329	-	595,329
Taxes on recordation and wills					397,501	-	397,501
Cigarette taxes					317,406	-	317,406
Admission and amusement taxes					17,584	-	17,584
Lodging taxes					470,393	-	470,393
Meals taxes					1,459,964	-	1,459,964
Unrestricted revenues from use of money and property					507,218	50,284	557,502
Miscellaneous					114,854	-	114,854
Miscellaneous - Medicare reimbursement					-	-	-
Grants and contributions not restricted to specific programs					2,969,344	-	2,969,344
City contribution to the School Board					(66,671)	-	(66,671)
Loss on disposal of long-term assets					46,182,816	50,284	46,233,100
Total general revenues and transfers					2,993,804	6,738,496	9,732,300
Change in net assets					25,590,802	20,284,872	45,875,674
Net assets - beginning					\$ 28,584,606	\$ 27,023,368	\$ 55,607,974
Net assets - ending							\$ 9,308,847

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

Fund Financial Statements

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Balance Sheet - Governmental Funds
June 30, 2008

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Non Major Funds	
ASSETS:				
Cash and cash equivalents	\$ 2,764,547	\$ 2,321,386	\$ 389,255	\$ 5,475,188
Investments	-	-	1,512,914	1,512,914
Receivables (net of allowances for uncollectibles):				
Taxes	3,617,648	-	-	3,617,648
Accounts	871,224	9,497	-	880,721
Inventory and land held for resale	4,652,161	-	-	4,652,161
Due from other funds	9,611,785	243,047	-	9,854,832
Due from other governmental units	5,593,654	1,158,102	582,041	7,333,797
Total assets	27,111,019	3,732,032	2,484,210	33,327,261
LIABILITIES:				
Accounts payable	2,321,289	2,453,290	207,271	4,981,850
Accrued salaries and withholdings payable	1,193,216	-	-	1,193,216
Deposits held	69,908	-	-	69,908
Due to other funds	-	4,779,670	313,184	5,092,854
Due to Component Unit School Board	1,253,897	-	-	1,253,897
Due to other governmental units	26,810	-	16,847	43,657
Unearned revenue	2,244,338	-	7,576	2,251,914
Total liabilities	7,109,458	7,232,960	544,878	14,887,296
FUND BALANCES (DEFICITS):				
Reserved for:				
Inventory and land held for resale	4,652,161	-	-	4,652,161
Asset forfeiture	194,000	-	-	194,000
Capital projects	-	1,804,898	-	1,804,898
Landfill closure and post-closure monitoring costs	1,750,000	-	-	1,750,000
Community development expenditures	-	-	122,035	122,035
Encumbrances	1,470,314	-	-	1,470,314
Permanent Funds - perpetual care of cemetery	-	-	1,871,157	1,871,157
Permanent Funds - McKenney scholarships	-	-	18,941	18,941
Permanent Funds - library endowment	-	-	2,000	2,000
Unreserved, undesignated, reported in:				
General Fund	11,935,086	-	-	11,935,086
Special Revenue Funds	-	-	(74,801)	(74,801)
Capital Projects Fund	-	(5,305,826)	-	(5,305,826)
Total fund balances	20,001,561	(3,500,928)	1,939,332	18,439,965
Total liabilities and fund balances	27,111,019	3,732,032	2,484,210	33,327,261

Fund balances above

18,439,965

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

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

55,613,789

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

(430,264)

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

2,244,338

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the Statement of Net Assets.

(47,283,222)

Net assets of Government Activities

\$ 28,584,606

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

Statement of Revenues, Expenditures and Changes in Fund Balances --
 Governmental Funds
 Fiscal Year Ended June 30, 2008

	Governmental Fund Types			Total Governmental Funds
	General	Capital Projects	Non Major Funds	
Revenues:				
General property taxes	\$ 28,104,541	\$ -	\$ -	\$ 28,104,541
Other local taxes	13,797,559	-	-	13,797,559
Permits, privilege fees and regulatory licenses	656,809	-	-	656,809
Fines and forfeitures	1,071,755	-	-	1,071,755
Revenue from use of money and property	329,407	66,605	111,206	507,218
Charges for services	2,775,554	-	12,400	2,787,954
Miscellaneous	561,993	1,912,105	-	2,474,098
Recovered costs	420,053	-	46,449	466,502
Intergovernmental:				
Commonwealth of Virginia	22,708,504	1,158,102	352,119	24,218,725
Federal	5,523,904	-	1,575,782	7,099,686
Total revenues	75,950,079	3,136,812	2,097,956	81,184,847
Expenditures:				
Current:				
General government administration	4,116,450	-	-	4,116,450
Judicial administration	2,139,494	-	-	2,139,494
Public safety	24,433,161	773,910	1,252,158	26,459,229
Public works	9,916,352	7,324,012	-	17,240,364
Health and welfare	16,225,483	-	-	16,225,483
Education	8,641,316	5,435,580	226,045	14,302,941
Parks, recreation, and cultural	2,143,688	2,009,849	-	4,153,537
Community development	1,904,384	736,149	199,473	2,840,006
Nondepartmental	803,240	-	-	803,240
Debt service:				
Principal retirement	2,960,058	-	-	2,960,058
Interest and other fiscal charges	1,414,046	35,755	-	1,449,801
Total expenditures	74,697,672	16,315,255	1,677,676	92,690,603
Excess (deficiency) of revenues over expenditures	1,252,407	(13,178,443)	420,280	(11,505,756)
Other financing sources (uses):				
Transfers in	398,520	484,384	131,232	1,014,136
Transfers (out)	(131,232)	(6,437)	(876,467)	(1,014,136)
Issuance of debt	69,711	9,263,285	-	9,332,996
Total other financing sources (uses), net	336,999	9,741,232	(745,235)	9,332,996
Changes in fund balances	1,589,406	(3,437,211)	(324,955)	(2,172,760)
Fund balance (deficit) at beginning of year	18,412,155	(63,717)	2,264,287	20,612,725
Fund balances (deficit) at end of year	\$ 20,001,561	\$ (3,500,928)	\$ 1,939,332	\$ 18,439,965

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Fiscal Year Ended June 30, 2008

	<u>Primary Governmental Funds</u>
Net change in fund balances - total governmental funds	\$ (2,172,760)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.

Capital asset additions	16,979,278	
Capital asset disposals	(66,671)	
Transfer of City Golf Course asset to business-type activity	(4,000,000)	
Depreciation expense	<u>(5,771,380)</u>	7,141,227

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in unearned revenues.

665,048

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items the same as the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:

Principal retired on debt	2,960,058	
Transfer of note payable for City Golf Course to business-type activity	4,000,000	
Proceeds from debt issued	<u>(9,332,996)</u>	(2,372,938)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

Change in accrued leave	(133,508)	
Change in accrued landfill closure and post-closure monitoring liability	(395,691)	
Change in interest payable	<u>262,426</u>	<u>(266,773)</u>

Change in net assets of governmental activities

\$ 2,993,804

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

Statement of Net Assets
 Proprietary Funds
 June 30, 2008

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
ASSETS:				
Current Assets:				
Receivables (net of allowance for uncollectibles):				
Accounts receivable	\$ 1,739,114	\$ -	\$ -	\$ 1,739,114
Due from other governmental units	-	4,235,319	-	4,235,319
Prepaid asset	435,000	-	-	435,000
Due from other funds	579,670	-	-	579,670
Inventory	253,878	190,895	22,554	467,327
Total Current Assets	3,007,662	4,426,214	22,554	7,456,430
Noncurrent Assets:				
Prepaid asset	4,716,624	-	-	4,716,624
Capital assets:				
Land and land improvements	173,898	1,143,415	4,294,616	5,611,929
Water capacity rights intangible asset	4,420,000	-	-	4,420,000
Utility plant in service	24,738,286	1,590,263	-	26,328,549
Vehicles	1,172,004	5,768,577	-	6,940,581
Equipment and machinery	1,167,241	243,861	-	1,411,102
Construction in progress	-	9,764,064	-	9,764,064
Less accumulated depreciation	(15,803,797)	(4,710,828)	(30,252)	(20,544,877)
Total capital assets (net of accumulated depreciation)	15,867,632	13,799,352	4,264,364	33,931,348
Total Noncurrent Assets	20,584,256	13,799,352	4,264,364	38,647,972
Total assets	23,591,918	18,225,566	4,286,918	46,104,402
LIABILITIES:				
Current Liabilities:				
Reconciled overdrafts	-	430,292	367,401	797,693
Accounts payable and accrued expenses	441,282	3,393,998	59,530	3,894,810
Accrued salaries payable	34,081	46,430	4,068	84,579
Accrued interest payable	49,862	-	43,500	93,362
Due to other funds	1,637,740	3,460,861	243,047	5,341,648
Customers' deposits payable	473,238	-	-	473,238
Current portion of long-term obligations	824,228	40,771	367	865,366
Total Current Liabilities	3,460,431	7,372,352	717,913	11,550,696
Noncurrent Liabilities:				
Capital lease obligations	313,233	210,255	-	523,488
Compensated absences	88,106	54,509	3,302	145,917
Bonds payable	2,860,933	-	4,000,000	6,860,933
Total noncurrent liabilities	3,262,272	264,764	4,003,302	7,530,338
Total liabilities	6,722,703	7,637,116	4,721,215	19,081,034
NET ASSETS				
Invested in capital assets, net of related debt	11,879,028	13,554,382	264,364	25,697,774
Restricted for SCWA debt service	5,151,624	-	-	5,151,624
Unrestricted net assets	(161,437)	(2,965,932)	(698,661)	(3,826,030)
Total Net Assets	16,869,215	10,588,450	(434,297)	27,023,368
Total Liabilities and Net Assets	\$ 23,591,918	\$ 18,225,566	\$ 4,286,918	\$ 46,104,402

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

Statement of Revenues, Expenses and Changes in Net Assets --
 Proprietary Funds
 Fiscal Year Ended June 30, 2008

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Operating revenues:				
Charges for services	\$ 7,034,710	\$ 452,193	\$ 188,066	\$ 7,674,969
Miscellaneous income	2,898	60,767	14	63,679
Total operating revenues	<u>7,037,608</u>	<u>512,960</u>	<u>188,080</u>	<u>7,738,648</u>
Operating expenses:				
Personal services	1,259,890	1,219,184	53,961	2,533,035
Fringe benefits	340,485	277,914	10,997	629,396
Contractual services	570,239	426,623	295,201	1,292,063
Wastewater treatment services	2,329,328	-	-	2,329,328
Water purchased for resale	1,230,920	-	-	1,230,920
Other charges	1,382,256	684,095	81,147	2,147,498
Depreciation	632,414	404,554	30,252	1,067,220
Total operating expenses	<u>7,745,532</u>	<u>3,012,370</u>	<u>471,558</u>	<u>11,229,460</u>
Operating (loss)	<u>(707,924)</u>	<u>(2,499,410)</u>	<u>(283,478)</u>	<u>(3,490,812)</u>
Nonoperating revenues (expenses):				
State grants	-	398,710	-	398,710
Federal grants	-	1,016,957	-	1,016,957
Investment earnings	50,284	-	-	50,284
Contribution to SCWA for debt service	(435,000)	-	-	(435,000)
Interest expense	(213,459)	(8,761)	(150,819)	(373,039)
Total nonoperating revenues (expenses), net	<u>(598,175)</u>	<u>1,406,906</u>	<u>(150,819)</u>	<u>657,912</u>
Profit/(loss) before contributions	(1,306,099)	(1,092,504)	(434,297)	(2,832,900)
Capital contributions - tap fees and other	<u>2,210,427</u>	<u>7,360,969</u>	<u>-</u>	<u>9,571,396</u>
Changes in net assets	904,328	6,268,465	(434,297)	6,738,496
Net assets at beginning of year	<u>15,964,887</u>	<u>4,319,985</u>	<u>-</u>	<u>20,284,872</u>
Net assets at end of year	<u>\$ 16,869,215</u>	<u>\$ 10,588,450</u>	<u>\$ (434,297)</u>	<u>\$ 27,023,368</u>

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

Statement of Cash Flows --
 Proprietary Funds
 Fiscal Year Ended June 30, 2008

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 7,068,516	\$ 512,960	\$ 188,080	\$ 7,769,556
Payments to suppliers	(5,727,806)	(1,126,024)	(339,372)	(7,193,202)
Payments to employees (including fringe benefits)	<u>(1,371,443)</u>	<u>(1,452,457)</u>	<u>(57,221)</u>	<u>(2,881,121)</u>
Net cash used in operating activities	<u>(30,733)</u>	<u>(2,065,521)</u>	<u>(208,513)</u>	<u>(2,304,767)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(46,216)	(5,375,242)	(4,294,616)	(9,716,074)
Proceeds from indebtedness	-	270,000	4,000,000	4,270,000
Capital contributions	2,210,427	6,363,515	-	8,573,942
Advances from other funds	-	-	243,047	243,047
Interest payments	(183,535)	(8,761)	(107,319)	(299,615)
Retirement of indebtedness	<u>(596,707)</u>	<u>(25,030)</u>	<u>-</u>	<u>(621,737)</u>
Net cash provided by (used in) capital and related financing activities	<u>1,383,969</u>	<u>1,224,482</u>	<u>(158,888)</u>	<u>2,449,563</u>
Cash flows from noncapital financing activities:				
State and federal grants	-	410,747	-	410,747
Advances from other funds	<u>(1,353,236)</u>	<u>-</u>	<u>-</u>	<u>(1,353,236)</u>
Net cash provided by (used in) noncapital financing activities	<u>(1,353,236)</u>	<u>410,747</u>	<u>-</u>	<u>(942,489)</u>
Decrease in cash and cash equivalents	-	(430,292)	(367,401)	(797,693)
Cash and cash equivalents at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents (overdrafts) at end of year	<u>-</u>	<u>(430,292)</u>	<u>(367,401)</u>	<u>(797,693)</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	<u>(707,924)</u>	<u>(2,499,410)</u>	<u>(283,478)</u>	<u>(3,490,812)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operations:				
Depreciation	632,414	404,554	30,252	1,067,220
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable and due from other governments	47,412	-	-	47,412
Inventory	(74,911)	9,158	(22,554)	(88,307)
Increase (decrease) in:				
Accounts payable	72,594	(24,464)	59,530	107,660
Accrued salaries	5,400	46,430	4,068	55,898
Customer deposits	(16,504)	-	-	(16,504)
Compensated absences	<u>10,786</u>	<u>(1,789)</u>	<u>3,669</u>	<u>12,666</u>
Total adjustments	<u>677,191</u>	<u>433,889</u>	<u>74,965</u>	<u>1,186,045</u>
Net cash provided by (used) in operating activities	<u>\$ (30,733)</u>	<u>\$ (2,065,521)</u>	<u>\$ (208,513)</u>	<u>\$ (2,304,767)</u>
Noncash investing, capital, and financing activities:				
Contribution to SCWA for debt service from prepaid asset	<u>435,000</u>	-	-	<u>435,000</u>
Amount due from state and federal government for acquisition of capital assets	-	<u>3,119,264</u>	-	<u>3,119,264</u>

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

Statement of Fiduciary Net Assets
June 30, 2008

	<u>Private- Purpose Trust Hospital Trust Fund</u>	<u>Agency Funds</u>
ASSETS:		
Cash and cash equivalents	\$ 157,974	\$ 1,225,962
Investments	323,529	-
Total assets	<u>481,503</u>	<u>1,225,962</u>
LIABILITIES:		
Accounts payable	30,000	-
Amounts held for others	-	1,045,849
Jail inmate telephone account	-	126,168
Amounts held for social service clients	-	53,945
Total liabilities	30,000	1,225,962
NET ASSETS		
Held for hospitalization care for welfare recipients	<u>451,503</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 481,503</u>	<u>\$ 1,225,962</u>

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

Statement of Changes in Fiduciary Net Assets
 Fiscal Year Ended June 30, 2008

	<u>Private- Purpose Trust Hospital Trust Fund</u>
Additions:	
Investment income	\$ 23,284
Total additions	<u>23,284</u>
Deductions:	
Hospitalization of social services clients	<u>35,000</u>
Total deductions	<u>35,000</u>
Change in net assets	(11,716)
Net assets - beginning of the year	463,219
Net assets - end of the year	<u>\$ 451,503</u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
as of June 30, 2008

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 primary services: public safety (police and fire), public works, health and welfare services, parks, recreation and cultural, education, community and economic development and judicial and general administrative services.

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The City has no blended component units to be included for the fiscal year ended June 30, 2008.

Discretely Presented Component Unit. The School Board is a discretely presented component unit of the City for the fiscal year ended June 30, 2008.

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

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

C. Other Organizations

Included in the City's Comprehensive Annual Financial Report

None

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

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

C. Other Organizations: (Continued)

Excluded from the City's Comprehensive Annual Financial Report

Joint Ventures

South Central Wastewater Authority

The South Central Wastewater Authority (SCWA) is considered a joint venture and, therefore, its operations are not included in the City's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase wastewater treatment services from the SCWA at prescribed rates and capacity levels. Based on the City's capacity level of 10.5 million gallons out of total capacity of 20 million gallons, the City retains an on-going financial responsibility for the joint venture due to this requirement. For the year ended June 30, 2008, the City's expenditures for wastewater treatment services approximated \$2,330,000 and amortization of prepaid debt service approximated \$435,000. The City does not retain a financial interest in the SCWA.

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

Riverside Regional Jail Authority

The Riverside Regional Jail Authority (RRJA) is considered a joint venture and, therefore, its operations are not included in the City's financial statements. The Counties of Charles City, Chesterfield, Prince George and Surry and the Cities of Petersburg, Colonial Heights and Hopewell each appoint one member to the seven member board. Each participating entity is required to commit prisoners and pay the established per diem charge in accordance with its service agreement with the RRJA. The City's expenditures for confinement services for the year ended June 30, 2008 approximated \$1,900,000. The City does not retain a financial interest in the RRJA.

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

Appomattox River Water Authority

The Appomattox River Water Authority (ARWA) is considered a joint venture and, therefore, its operations are not included in the City's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase water in accordance with its service agreement with the ARWA. The City's expenses for water purchased for the year ended June 30, 2008 approximated \$1,230,000. The City does not retain a financial interest in the ARWA.

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

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

C. Other Organizations: (Continued)

Jointly Governed Organizations

Central Virginia Waste Management Authority

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

Appomattox Basin Industrial Development Corporation

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

District 19 Community Services Board

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

Related Organizations

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

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

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

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

Financial Statement Presentation:

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting:

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

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

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

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

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

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

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

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

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

governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements. The City's fund types utilized are as follows:

1. Governmental Funds

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

a. General Fund

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

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

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

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

2. Proprietary Funds

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

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

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

Proprietary Funds (Continued)

Enterprise Funds

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

The City reports the following major enterprise funds:

Public Utility Fund – to account for the operations of the City's water and sewer system.

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

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

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

E. Cash and Cash Equivalents:

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

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

E. Cash and Cash Equivalents (Continued):

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

F. Investments:

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

G. Receivables and Payables:

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,497,000 at June 30, 2008 and is composed of the following:

Property taxes - General Fund	\$ 660,000
Refuse and consumer's utility taxes - General Fund	132,000
Public Utility Accounts	705,000
Total	<u>\$ 1,497,000</u>

H. South Central Wastewater Authority Water Capacity Rights:

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

I. Capital Assets:

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide and proprietary fund financial statements. Capital assets are defined by the City as land, buildings, infrastructure, road registered vehicles, intangible assets,

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

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

I. Capital Assets: (Continued)

and equipment with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment of the Primary Government, as well as the component units, 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

J. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, other than retirement, City employees are reimbursed for accumulated vacation days based on years of service and are not reimbursed for accumulated sick leave. Upon retirement, City employees are reimbursed for accumulated vacation days and accumulated sick leave.

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

K. Property Taxes

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

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

K. Property Taxes (Continued)

government-wide reporting, uncollected property taxes, net of allowance for uncollectible amounts, are reported as revenues.

L. Retirement Plan

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

M. Inventory and Land Held for Resale

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

N. Long-term Obligations

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

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

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

O. Fund Equity:

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

As of June 30, 2008, there were deficit fund balances in the Capital Projects Fund (\$3,500,928), Federal and State Projects Fund (\$74,801), and Golf Course Fund (\$434,297). It is anticipated that funds will be transferred from the General Fund to cover the deficits in the Capital Projects and Federal and State Projects Funds in future years. It is expected that future operating revenues will remediate the deficit in the Golf Course Fund.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

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

P. Internal and Intra-entity Activity:

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

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

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

Q. Use of Estimates:

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

Note 2—Deposits and Investments:

Deposits

All cash, approximately \$5,975,000, net of overdrafts, of the Primary Government, its discretely presented component unit, and its fiduciary funds is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et.seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

Investments

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 2—Deposits and Investments: (Continued)

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, 2008 all of the City's investments were held in accordance with this policy.

Credit Risk of Debt Securities

The City's investment policy is to follow the legal limits set forth in the Code of Virginia, 2.2-45, Investment of Public Funds Act, which describes the types of investments permitted. The City has not established credit risk limits for each category of investment; however, the City has an emphasis on high credit quality and known marketability. The City has contracted with investment advisors to ensure compliance. The City's rated debt investments as of June 30, 2008 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

	Fair Quality Ratings				
	AAAm	AAA	AA+	AA	Unrated
Primary Government:					
Local Government Investment Pool	\$ 477,956	\$ -	\$ -	\$ -	\$ -
U.S. Savings Bonds	-	2,000	-	-	-
Corporate debt	-	672,666	717,390	-	-
U.S. Agency Securities	-	444,386	-	-	-
Total Primary Government investments	<u>\$ 477,956</u>	<u>\$ 1,119,052</u>	<u>\$ 717,390</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

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

Investment Type	Investment Maturities (in years)				
	Fair Value	<1 Year	1-5 Years	6-10 Years	Greater than 10 Years
Primary Government:					
Local Government Investment Pool	\$ 477,956	\$ -	\$ -	\$ -	\$ -
U.S. Savings Bonds	2,000	-	-	-	2,000
Corporate debt	1,390,056	295,409	891,309	203,338	-
U.S. Agency Securities	444,386	272,651	171,735	-	-
Total Primary Government investments	<u>\$ 2,314,398</u>	<u>\$ 568,060</u>	<u>\$ 1,063,044</u>	<u>\$ 203,338</u>	<u>\$ 2,000</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 2—Deposits and Investments: (Continued)

External Investment Pools

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

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

	<u>Total Primary Government</u>	<u>School Board Component Unit</u>	<u>Fiduciary Funds</u>
Cash and cash equivalents	\$ 4,677,495	\$ 391,561	\$ 1,383,936
Investments:			
U.S. Savings Bonds	2,000	-	-
Corporate Debt	1,066,529	-	323,529
Federal Agency Bonds/Notes	444,385	-	-
	<u>\$ 6,190,409</u>	<u>\$ 391,561</u>	<u>\$ 1,707,465</u>

Foreign Currency Risk

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 2—Deposits and Investments: (Continued)

Concentration of Credit Risk

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

	<u>Total Primary Government</u>	<u>School Board Component Unit</u>	<u>Fiduciary Funds</u>
Cash and cash equivalents	69.21%	100.00%	80.26%
Investments:			
U.S. Savings Bond	0.03%	0.00%	0.00%
Local Government Investment Pool	6.35%	0.00%	0.79%
Corporate Debt:			
Abbott Labs Note	3.23%	0.00%	0.00%
General Electric Capital Corp Medium Term B/E	1.30%	0.00%	4.11%
Alabama Incntvs Fin Auth Spl Oblig Ser B AMBAC B/E Taxable	0.33%	0.00%	0.00%
Pfizer Inc Notes B/E	3.64%	0.00%	2.93%
Virginia St Hsg Dev Auth Rental Hsg Ser A Rev B/E Taxable	4.75%	0.00%	4.05%
Kansas St Dev Fin Ath Rv Pub Employees Retirement Sys 04C Txbl FSA B/E	3.99%	0.00%	0.00%
Virginia St Housing Development Authority Series G B/E Taxable	0.00%	0.00%	5.57%
Virginia St Hsg Dev Auth Rental Housing Series J B/E Taxable	0.00%	0.00%	2.29%
Sub-total Corporate Debt	<u>17.24%</u>	<u>0.00%</u>	<u>18.95%</u>
Federal Agency Bonds/Notes:			
Fedl Home Loan Bank Bond B/E	2.77%	0.00%	0.00%
Fedl Farm Credit Bank Cons Systemwide Medium Term Note	4.40%	0.00%	0.00%
Sub-total Federal Agency Bonds/Notes	<u>7.17%</u>	<u>0.00%</u>	<u>0.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 3—Due From and To Other Governmental Units:

At June 30, 2008, the City had receivables due from other governments as follows:

	General Fund	Capital Projects Fund	Non-Major Governmental Special Revenue Funds		Total Non- Major Funds	Governmental Funds Total	Business-Type Activities Total
			Federal & State Projects Fund	Community Development Act Fund			Proprietary Fund
							Mass Transit Fund
Commonwealth of Virginia:							
Local sales taxes	\$ 722,973	\$ -	\$ -	\$ -	\$ -	\$ 722,973	\$ -
Miscellaneous taxes	123,965	-	-	-	-	123,965	-
Shared expenses	385,948	-	-	-	-	385,948	-
Public assistance and welfare administration	353,723	-	-	-	-	353,723	-
Comprehensive services	499,732	-	-	-	-	499,732	-
Communications tax	339,032	-	-	-	-	339,032	-
Prisoner day reimbursements	180,502	-	-	-	-	180,502	-
Miscellaneous grants	25,000	-	3,937	-	3,937	28,937	-
Mass Transit	-	-	-	-	-	-	721,646
Personal Property Tax Relief Act funds	2,294,331	-	-	-	-	2,294,331	-
E911 Tax & State Equip Grant	197,547	-	-	-	-	197,547	-
Registrar/Electoral Board	70,019	-	-	-	-	70,019	-
Transportation Grant	-	1,158,102	-	-	-	1,158,102	-
Federal Government:							
Public assistance and welfare administration	400,882	-	-	-	-	400,882	-
Community Development Block Grant	-	-	-	227,675	227,675	227,675	-
Miscellaneous grants	-	-	350,429	-	350,429	350,429	-
Mass Transit	-	-	-	-	-	-	3,513,673
Total due from other governments	\$ 5,593,654	\$ 1,158,102	\$ 354,366	\$ 227,675	\$ 582,041	\$ 7,333,797	\$ 4,235,319

As of June 30, 2008, the City had payables due to other governments as follows:

	General Fund	Federal & State Projects Fund	Governmental Funds Total
Commonwealth of Virginia:			
Miscellaneous grants	\$ -	\$ 3,374	\$ 3,374
Federal Government:			
Miscellaneous grants	26,810	13,473	40,283
Total due to other governments	\$ 26,810	\$ 16,847	\$ 43,657

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

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

Individual fund and interfund receivable and payable balances at June 30, 2008 are presented below:

Fund	Due from Other Funds/ Component Unit	Due to Other Funds/ Component Unit
Interfund Balances:		
General	\$ 9,611,785	\$ -
Capital projects - Due from Golf Course	243,047	-
Capital projects - Due to Public Utility	-	579,670
Capital projects - Due to General Fund	-	4,200,000
Enterprise:		
Public Utility - Due from Capital Projects Fund	579,670	
Public Utility - Due to General Fund	-	1,637,740
Mass Transit - Due to General Fund	-	3,460,861
Golf Course - Due to Capital Projects Fund	-	243,047
Non-major funds:		
Federal & State Projects - Due to General Fund	-	303,113
Blandford Cemetery Perpetual Care - Due to General Fund	-	10,071
Total	10,434,502	10,434,502
Reporting Entity:		
Primary Government - General Fund	-	1,253,897
School Board - General Fund	1,253,897	-
Total	\$ 1,253,897	\$ 1,253,897

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. Debt in the amount of \$7.5 million has been issued on December 18, 2008 (refer to Note 16, Subsequent Events, for additional details). Of this amount, \$4,200,000 will be used to repay the General Fund from the Capital Projects Fund the balance due as noted in the above table. As investments mature in the Blandford Cemetery Perpetual Care Fund, funds will be available to reimburse the General Fund.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

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

Interfund Transfers

Interfund transfers for the year ended June 30, 2008, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Major Funds:		
General - to Federal & State Projects Fund	\$ -	\$ 131,232
General - from Community Development Act Fund	332,083	-
General - from Blandford Cemetery Perpetual Care Fund	60,000	-
General - from Capital Projects Fund	6,437	-
Capital Projects - to General Fund	-	6,437
Capital Projects - from Community Development Act Fund	484,384	-
Nonmajor Funds:		
Federal & State Projects - from General Fund	131,232	-
Community Development Act - to General Fund	-	332,083
Community Development Act - to Capital Projects Fund	-	484,384
Blandford Cemetery Perpetual Care - to General Fund	-	60,000
Total	<u>\$ 1,014,136</u>	<u>\$ 1,014,136</u>

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 5—Inventory and Land Held for Resale:

At June 30, 2008, the City has inventory and land held for resale recorded as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Expendable supplies	\$ 157,016	\$ 467,327
Land and building inventory held for resale:		
330 Commercial/residential lots owned in the City	4,462,964	-
8 Commercial buildings owned in Dinwiddie County	32,181	-
Totals	<u>\$ 4,652,161</u>	<u>\$ 467,327</u>

The following is a summary of changes in inventory held for resale for the fiscal year ending June 30, 2008:

	<u>Balance June 30, 2007</u>	<u>Purchases</u>	<u>Sales</u>	<u>Balance June 30, 2008</u>
Land and building inventory held for resale:				
330 Commercial/residential lots owned in the City	\$ 4,526,545	\$ 113,855	\$ 177,436	\$ 4,462,964
8 Commercial buildings owned in Dinwiddie County	32,181	-	-	32,181
Totals	<u>\$ 4,558,726</u>	<u>\$ 113,855</u>	<u>\$ 177,436</u>	<u>\$ 4,495,145</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2008:

Primary Government:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,049,924	\$ 834,733	\$ -	\$ 6,884,657
Construction in progress	3,692,457	15,742,720	(5,366,281)	14,068,896
Total capital assets not being depreciated	<u>9,742,381</u>	<u>16,577,453</u>	<u>(5,366,281)</u>	<u>20,953,553</u>
Capital assets being depreciated:				
Buildings	54,435,864	456,795	(240,481)	54,652,178
Infrastructure	93,415,354	-	-	93,415,354
Vehicles	8,648,508	441,557	-	9,090,065
Equipment (other than vehicles)	8,767,894	869,754	-	9,637,648
Total capital assets being depreciated	<u>165,267,620</u>	<u>1,768,106</u>	<u>(240,481)</u>	<u>166,795,245</u>
Less accumulated depreciation for:				
Buildings	(31,194,270)	(1,231,591)	173,810	(32,252,051)
Infrastructure	(85,605,747)	(3,113,845)	-	(88,719,592)
Vehicles	(7,692,563)	(461,793)	-	(8,154,356)
Equipment	(2,044,859)	(964,151)	-	(3,009,010)
Total accumulated depreciation	<u>(126,537,439)</u>	<u>(5,771,380)</u>	<u>173,810</u>	<u>(132,135,009)</u>
Total capital assets being depreciated, net	<u>38,730,181</u>	<u>(4,003,274)</u>	<u>(66,671)</u>	<u>34,660,236</u>
Governmental Activities capital assets, net	<u>\$ 48,472,562</u>	<u>\$ 12,574,179</u>	<u>\$ (5,432,952)</u>	<u>\$ 55,613,789</u>

Deletions include the amount of \$4,000,000, which consisted of construction in progress for the new City golf course. Upon completion, this asset and equal corresponding note payable was transferred to the new Golf Course Fund and classified as land and land improvements.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Business-type Activities:				
Public Utility Fund:				
Capital assets, not being depreciated:				
Land	\$ 173,898	\$ -	\$ -	\$ 173,898
Total capital assets not being depreciated	<u>173,898</u>	<u>-</u>	<u>-</u>	<u>173,898</u>
Capital assets being depreciated:				
Plant	24,738,286	-	-	24,738,286
Water capacity rights intangible asset	4,420,000	-	-	4,420,000
Vehicles	1,147,413	46,216	(21,625)	1,172,004
Equipment and machinery	1,167,241	-	-	1,167,241
Total capital assets being depreciated	<u>31,472,940</u>	<u>46,216</u>	<u>(21,625)</u>	<u>31,497,531</u>
Less accumulated depreciation for:				
Plant	(12,256,593)	(399,053)	-	(12,655,646)
Water capacity rights intangible asset	(1,215,500)	(110,500)	-	(1,326,000)
Vehicles	(867,953)	(61,372)	21,625	(907,700)
Equipment and machinery	(852,962)	(61,489)	-	(914,451)
Total accumulated depreciation	<u>(15,193,008)</u>	<u>(632,414)</u>	<u>21,625</u>	<u>(15,803,797)</u>
Total capital assets being depreciated, net	<u>16,279,932</u>	<u>(586,198)</u>	<u>-</u>	<u>15,693,734</u>
Public Utility fund capital assets, net	<u>\$ 16,453,830</u>	<u>\$ (586,198)</u>	<u>\$ -</u>	<u>\$ 15,867,632</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Business-type Activities:				
Mass Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 501,013	\$ 642,402	\$ -	\$ 1,143,415
Construction in progress	2,115,261	7,718,103	(69,300)	9,764,064
Total capital assets not being depreciated	<u>2,616,274</u>	<u>8,360,505</u>	<u>(69,300)</u>	<u>10,907,479</u>
Capital assets being depreciated:				
Plant	1,520,963	69,300	-	1,590,263
Vehicles	5,768,577	-	-	5,768,577
Equipment and machinery	243,861	-	-	243,861
Total capital assets being depreciated	<u>7,533,401</u>	<u>69,300</u>	<u>-</u>	<u>7,602,701</u>
Less accumulated depreciation for:				
Plant	(846,770)	(75,045)	-	(921,815)
Vehicles	(3,221,937)	(327,935)	-	(3,549,872)
Equipment and machinery	(237,567)	(1,574)	-	(239,141)
Total accumulated depreciation	<u>(4,306,274)</u>	<u>(404,554)</u>	<u>-</u>	<u>(4,710,828)</u>
Total capital assets being depreciated, net	<u>3,227,127</u>	<u>(335,254)</u>	<u>-</u>	<u>2,891,873</u>
Mass Transit fund capital assets, net	<u>\$ 5,843,401</u>	<u>\$ 8,025,251</u>	<u>\$ (69,300)</u>	<u>\$ 13,799,352</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Business-type Activities:				
Golf Course				
Capital assets, not being depreciated:				
Land	\$ -	\$ 3,383,047	\$ -	\$ 3,383,047
Total capital assets not being depreciated	<u>-</u>	<u>3,383,047</u>	<u>-</u>	<u>3,383,047</u>
Capital assets being depreciated:				
Land Improvements	-	911,569	-	911,569
Total capital assets being depreciated	<u>-</u>	<u>911,569</u>	<u>-</u>	<u>911,569</u>
Less accumulated depreciation for:				
Land Improvements	-	(30,252)	-	(30,252)
Total accumulated depreciation	<u>-</u>	<u>(30,252)</u>	<u>-</u>	<u>(30,252)</u>
Total capital assets being depreciated, net	<u>-</u>	<u>881,317</u>	<u>-</u>	<u>881,317</u>
Golf Course fund capital assets, net	<u>\$ -</u>	<u>\$ 4,264,364</u>	<u>\$ -</u>	<u>\$ 4,264,364</u>
Total Business-type Activities capital assets, net	<u>\$ 22,297,231</u>	<u>\$ 11,703,417</u>	<u>\$ (69,300)</u>	<u>\$ 33,931,348</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government	\$ 71,200
Judicial administration	141,953
Public safety	1,290,183
Public works	3,360,609
Health and welfare	143,859
Education	581,401
Parks, recreation and cultural	164,275
Community development	17,900
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Total Governmental activities	5,771,380
	<hr/>
Business-type activities:	
Public Utility Fund	632,414
Golf Course Fund	30,252
Mass Transit Fund	404,554
	<hr/>
Total Business-type activities	\$ 1,067,220
	<hr/> <hr/>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Obligations

Primary Government:

The following is a summary of changes in long-term and short-term debt obligations of the City for the year ended June 30, 2008:

Governmental Activities

Description	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008	Amounts Due Within One Year
Long-term debt transactions:					
General obligation bonds	\$ 13,985,722	\$ -	\$ 1,291,709	\$ 12,694,013	\$ 1,449,946
School Literary Fund loan	6,000,000	-	425,000	5,575,000	425,000
School Qualified Zone Academy Bonds	5,781,680	-	378,452	5,403,228	390,143
Note payable	9,256,115	9,100,000	4,495,028	13,861,087	3,624,334
Capital lease obligations	1,414,458	232,996	369,869	1,277,585	342,800
Landfill closure and post- closure liability	5,810,986	395,691	-	6,206,677	-
Compensated absences	2,132,124	156,455	22,947	2,265,632	226,563
 Total Governmental Activities long-term obligations	 44,381,085	 9,885,142	 6,983,005	 47,283,222	 6,458,786
Short-term debt transactions:					
Anticipation notes	1,200,000	5,000,000	6,200,000	-	-
 Total Governmental Activities obligations	 \$ 45,581,085	 \$ 14,885,142	 \$ 13,183,005	 \$ 47,283,222	 \$ 6,458,786

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Obligations

Primary Government: (Continued)

Business-Type Activities

	<u>Balance June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>	<u>Amounts Due Within One Year</u>
Public Utility Fund:					
General obligation bonds	\$ 4,092,568	\$ -	\$ 491,580	\$ 3,600,988	\$ 740,055
Less:					
Deferred amount on advance refunding	(52,500)	-	(35,000)	(17,500)	(17,500)
Net general obligation bonds	4,040,068	-	456,580	3,583,488	722,555
Capital lease obligations	510,243	-	105,127	405,116	91,883
Compensated absences	87,110	10,786	-	97,896	9,790
Total Public Utility fund	<u>4,637,421</u>	<u>10,786</u>	<u>561,707</u>	<u>4,086,500</u>	<u>824,228</u>
Mass Transit Fund:					
Capital lease obligations	-	270,000	25,030	244,970	34,715
Compensated absences	62,354	-	1,789	60,565	6,056
Total Mass Transit fund	<u>62,354</u>	<u>270,000</u>	<u>26,819</u>	<u>305,535</u>	<u>40,771</u>
Golf Course Fund:					
Note payable	-	4,000,000	-	4,000,000	-
Compensated absences	-	3,669	-	3,669	367
Total Golf Course fund	<u>-</u>	<u>4,003,669</u>	<u>-</u>	<u>4,003,669</u>	<u>367</u>
 Total Business-type Activities	 <u>\$ 4,699,775</u>	 <u>\$ 4,284,455</u>	 <u>\$ 588,526</u>	 <u>\$ 8,395,704</u>	 <u>\$ 865,366</u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Obligations

Primary Government: (Continued)

The following is a summary of short-term debt transactions of the City for the year ended June 30, 2008:

	<u>Date Issued</u>	<u>Balance June 30, 2007</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2008</u>
Bond anticipation note	12/1/2006	\$ 1,200,000	\$ -	\$ 1,200,000	\$ -
Tax Revenue anticipation note	5/15/2008	-	5,000,000	5,000,000	-
		<u>\$ 1,200,000</u>	<u>\$ 5,000,000</u>	<u>\$ 6,200,000</u>	<u>\$ -</u>

Details of long-term indebtedness:

Primary Government - Governmental Activities:

<u>Original Amount</u>	<u>Description</u>	<u>Outstanding Amount at June 30, 2008</u>
General Obligation Bonds:		
\$ 11,365,000	Series 1997 general obligation bonds due in annual installments of \$255,000 to \$1,285,000 through January 2017; interest at 4.3% to 5.25% (\$8,565,000 of original issue allocated to governmental; \$2,800,000 to business-type)	\$ 3,112,490
6,155,000	Series 2004 refunding general obligation bonds due in annual installments of \$75,000 to \$620,000 through July 2019. interest at 2.5% to 4.125%	4,915,000
3,430,000	Series 2004B general obligation refunding bonds due in annual installments of \$60,000 to \$945,000 through March 2013, interest at 3.58% (\$1,330,000 of original issue allocated to governmental; \$2,100,000 to business-type)	1,008,164
4,355,000	Series 2005A general obligation refunding bonds due in annual installments of \$330,000 to \$505,000 through January 15, 2017, interest at 3.35% (\$3,282,057 of original issue allocated to governmental; \$1,072,943 to business-type)	3,033,359
625,000	Series 2005 general obligation bond due July 1, 2011; interest at 6.25%	625,000
	Subtotal general obligation bonds	<u>\$ 12,694,013</u>
State Literary Fund Loans:		
\$ 7,500,000	State Literary Fund Loan issued December 13, 1999, due in annual installments of \$375,000 through December 15, 2021, interest at 2%	\$ 4,875,000
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%	700,000
	Subtotal State Literary Fund Loans	<u>\$ 5,575,000</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness: (Continued)

Primary Government - Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2008
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	\$ 937,719
600,000	(2) Series 2002 issued December 27, 2002, due in annual installments of \$34,124 through December 15, 2015	417,296
2,142,167	(3) Series 2003 issued December 29, 2003, due in annual installments of \$107,700 through December 29, 2017, final payment of \$182,500 due December 29, 2018	1,688,727
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	1,296,929
1,116,857	(5) Series 2006 issued October 31, 2006, due in annual installments of \$54,300 through October 31, 2022, final payment of \$111,686 due October 31, 2023	1,062,557
	Subtotal Qualified Zone Academy Bonds	\$ 5,403,228
Notes Payable:		
\$ 5,732,712	Issued December 8, 2005 for acquisition of 800 MHz Communications System; due in annual installments of \$703,277 through January 9, 2016; interest at 3.9%	\$ 4,761,087
3,100,000	Issued December 5, 2007 for school building renovation and improvements; due December 5, 2008; interest at 4.96%	3,100,000
6,000,000	Issued December 5, 2007 for school building renovation and improvements; due in two installments on December 5, 2009 and December 5, 2010; interest at 3.19%	6,000,000
	Subtotal notes payable	\$ 13,861,087
Other Obligations:		
	Capital lease obligations	1,277,585
	Landfill closure and post-closure liability	6,206,677
	Compensated absences	2,265,632
	Subtotal other obligations	\$ 9,749,894
	Total governmental activities	\$ 47,283,222

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness: (Continued)

Primary Government - Business-Type Activities:

Original Amount	Description	Outstanding Amount at June 30, 2008
General Obligation Bonds:		
\$ 11,365,000	Series 1997 general obligation bonds due in annual installments of \$255,000 to \$1,285,000 through January 2017; interest at 4.3% to 5.25% (\$8,565,000 of original issue allocated to governmental; \$2,800,000 to business-type)	\$ 1,017,510
3,430,000	Series 2004B general obligation refunding bonds due in annual installments of \$60,000 to \$945,000 through March 2013, interest at 3.58% (\$1,330,000 of original issue allocated to governmental; \$2,100,000 to business-type)	1,591,836
4,355,000	Series 2005A general obligation refunding bonds due in annual installments of \$330,000 to \$505,000 through January 15, 2017, interest at 3.35% (\$3,282,057 of original issue allocated to governmental; \$1,072,943 to business-type)	991,642
	Total general obligation bonds	\$ 3,600,988
	Less: deferred amount on advance refunding	(17,500)
	Net general obligation bonds	3,583,488
Notes Payable:		
\$ 4,000,000	Issued April 18, 2007 for interim financing of construction of golf course; due April 18, 2010; interest at 4.35%. (See note 6 for further discussion.)	\$ 4,000,000
	Subtotal notes payable	\$ 4,000,000
Other Obligations:		
	Capital lease obligations	\$ 650,086
	Compensated absences	162,130
	Subtotal other obligations	\$ 812,216
	Total business-type activities	\$ 8,395,704

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness: (Continued)

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	General Obligation Bonds		Literary Loans		Qualified Zone Academy Bonds	Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2009	\$ 1,449,946	\$ 493,421	\$ 425,000	\$ 111,500	\$ 390,143	\$ 3,624,334	\$ 450,492
2010	1,496,651	442,355	425,000	103,000	402,211	3,490,044	311,161
2011	1,263,647	389,998	425,000	94,500	414,670	3,607,028	193,136
2012	1,943,902	314,142	425,000	86,000	427,534	580,830	122,448
2013	1,338,246	254,690	425,000	77,500	440,815	603,482	99,795
2014-2018	5,056,621	472,891	2,125,000	260,000	2,257,668	1,955,369	154,463
2019-2023	145,000	6,083	1,325,000	55,000	1,070,187	-	-
Total	<u>\$ 12,694,013</u>	<u>\$ 2,373,580</u>	<u>\$ 5,575,000</u>	<u>\$ 787,500</u>	<u>\$ 5,403,228</u>	<u>\$ 13,861,087</u>	<u>\$ 1,331,495</u>

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2009	\$ 740,055	\$ 145,090
2010	763,349	117,029
2011	351,353	88,617
2012	366,098	74,885
2013	336,754	60,557
2014-2018	1,043,379	106,032
Total	<u>\$ 3,600,988</u>	<u>\$ 592,210</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of the City's capital lease obligations at June 30, 2008 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Capital Leases			
\$508,329 issued August 2005 for the purchase of 15 police cruisers, backhoe and stakebody platform truck, backhoe loader and other equipment; payable in monthly installments of \$9,254; interest at 3.53%	\$ 231,312	\$ -	\$ 231,312
\$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%	553,893	231,772	785,665
\$436,109 issued February 25, 2005 for the purchase of 14 police vehicles and utility equipment; payable in monthly installments of \$7,846 through March 1, 2010; interest at 3.05%	134,111	26,136	160,247
\$19,432 issued February 2006 for the purchase of an assessor vehicle; payable in monthly installments of \$578 through February 2009; interest at 4.50%	4,547	-	4,547
\$137,592 issued March, 2006, for the purchase of 2005 Freightliner with equipment; payable in monthly installments of \$2,531; interest at 3.96%	-	79,028	79,028
\$300,000 issued December 17, 2006, for the purchase of litter collection vacuum, street sweeper, postage machine, electronic radio system, three pickups; payable in monthly installments of \$5,547; interest at 4.16%	148,265	68,180	216,445
\$63,500 issued September 26, 2007 for the purchase of a Maintenance Department IH stake body truck; payable in monthly installments of \$1,184 through September 2012; interest at 4.51%	54,862	-	54,862
\$99,785 issued September 26, 2007 for the purchase of five Ford Explorers for Police Department; payable in monthly installments of \$1,858 through September 2012; interest at 4.45%	86,193	-	86,193
\$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%	-	244,970	244,970
\$69,711 issued January 25, 2008 for the purchase of 2007 Chevrolet bus for Public Works Department; payable in monthly installments of \$1,279 through January 2013; interest at 3.87%	64,402	-	64,402
Total capital lease obligations	\$ 1,277,585	\$ 650,086	\$ 1,927,671
Total equipment cost of assets acquired through capital lease	\$ 2,287,608	\$ 995,841	\$ 3,283,449
Total accumulated depreciation on assets acquired through capital lease	(1,217,446)	(268,658)	(1,486,104)
Net remaining book value	<u>\$ 1,070,162</u>	<u>\$ 727,183</u>	<u>\$ 1,797,345</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Future capital lease obligations are as follows:

	Year Ending June 30,	Governmental Activities	Business-Type Activities
	2009	\$ 384,481	\$ 150,483
	2010	360,158	146,645
	2011	208,519	127,534
	2012	167,214	94,266
	2013	110,639	83,780
	2014-2015	161,969	124,088
Total minimum lease payments		\$ 1,392,980	\$ 726,796
Less: Amounts representing interest		(115,395)	(76,710)
Present value of minimum lease payments		\$ 1,277,585	\$ 650,086
Less: current portion		(342,800)	(126,598)
Long-term lease obligation at June 30, 2008		\$ 934,785	\$ 523,488

Prior years' debt defeasance:

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2008, the amount of defeased debt outstanding amounted to \$13,540,000.

Note 8—Unearned Revenue:

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

Unearned Revenue Item	Fund Level			Government-wide Level
	General Fund	Federal and State Projects Fund	Total Governmental Funds	Governmental Activities
Litter Control state grant funding	\$ -	\$ 7,576	\$ 7,576	\$ 7,576
Local delinquent real and personal property taxes	2,244,338	-	2,244,338	-
	<u>\$ 2,244,338</u>	<u>\$ 7,576</u>	<u>\$ 2,251,914</u>	<u>\$ 7,576</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 9—Commitment and Contingencies:

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

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

Note 10—Risk Management:

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

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

The City continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Note 11—Litigation:

At June 30, 2008, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

Note 12—Defined Benefit Pension Plan:

A. Plan Description

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

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

Note 12—Defined Benefit Pension Plan: (Continued)

A. Plan Description (Continued)

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

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

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In addition, the City is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The City employee contribution rate for the fiscal year ended 2008 was 13.02% of annual covered payroll including the 5% employee contribution which has been assumed by the City.

As of June 30, 2007 (most recent actuarial valuation available), the City's agent plan was 97.55% funded. The accrued actuarial liability for benefits was \$118,660,764, and the actuarial value of assets was \$115,754,579 leaving \$2,906,185 unfunded. Covered payroll was \$22,689,844, and the ratio of unfunded actuarial accrued liability to annual covered payroll was 12.81%. The required schedule of funding progress can be found on Exhibit 12 immediately following the notes to the financial statements and presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

C. Annual Pension Cost

For fiscal year ended 2008, the City's annual pension cost of \$1,894,650 was equal to the City's required and actual contributions. The required contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 12—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

	<u>City</u>
Valuation date	June 30, 2007
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, open
Payroll growth rate	2.50%
Remaining amortization period	20 Years
Asset valuation method	Modified market
Actuarial assumptions:	
Investment rate of return ¹	7.50%
Projected salary increases: ¹	
Non LEO Employees	3.75% to 5.60%
LEO Employees	3.50% to 4.75%
Cost-of-living adjustments	2.50%

¹ Includes inflation at 2.50%

Trend information for the City:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2008	\$ 1,894,650	100%	\$ -
June 30, 2007	1,779,888	100%	-
June 30, 2006	1,557,663	100%	-

(1) Employer portion only

Note 13—Postemployment Benefits Other than Pension Benefits:

In addition to the pension benefits in Note 12, the City provides health, dental and life insurance benefits to retirees. The City allows retirees to participate in the City's group plan through one provider, Anthem Blue Cross Blue Shield. Any retiree who retires from active service and has participated continuously in the health insurance plan the five years prior to retirement may participate as a retiree. The monthly health insurance premium for retirees are collected from the retirees and remitted to the provider. For the year ended June 30, 2008, there were 74 retiree participants, and the total cost for these participants was \$192,807.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 14—Landfill Closure and Postclosure Care Costs:

State and federal laws and regulations require the City to place a final cover on each phase of its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. In accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, the City reported a liability for a portion of these closure and postclosure care costs based on landfill capacity used. The \$6,206,677 reported as a landfill closure, postclosure care cost, and corrective action cost liability as of June 30, 2008 is based on the use of 90.32% of the estimated capacity used to date. The City will recognize the remaining estimated cost of closure and postclosure care of \$558,023 as the remaining estimated capacity is utilized in the existing open cell. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. Actual closure and postclosure care costs may be different due to inflation, changes in technology, or changes in regulations. The landfill's remaining life is estimated to be 3 years. The amount included for corrective action costs is \$1,000,000, as required by the Virginia Department of Environmental Quality, until a formal corrective action plan as submitted by the City is approved and carried out.

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

Note 15—Construction Commitments:

A summary of construction contract commitments at June 30, 2008 follows:

Project	Authorized Commitment	Expended/ Expensed as of June 30, 2008	Remaining Commitment
Governmental Activities:			
Hinton Street Bridge Replacement	\$ 943,865	\$ 767,993	\$ 175,872
Mckensie Street Project	288,224	220,724	67,500
Hospital Road Project	6,731,164	5,169,638	1,561,526
Total Governmental Activities	<u>7,963,253</u>	<u>6,158,355</u>	<u>1,804,898</u>
Business-Type Activities:			
Mass Transit Center Construction	16,822,000	7,092,400	9,729,600
	<u>\$ 24,785,253</u>	<u>\$ 13,250,755</u>	<u>\$ 11,534,498</u>

Note 16—Subsequent Events:

On December 18, 2008, the City approved the sale of general obligation public improvement bond in the amount of \$7,500,000.

Vehicles acquired during the fiscal year ended June 30, 2008, with costs totaling \$78,038, were initially funded with current City resources; however, on August 6, 2008, they were financed with capital leases.

On October 1, 2008, the Board of Directors of The Cameron Foundation approved grants to be used by the City for preliminary renovation costs to the Walnut Hills and Lee Elementary schools to be paid on 12/15/08 in the amount of \$1,330,000. Additionally, the Foundation has promised to give the City funds to curtail principal indebtedness as follows: \$3,100,000 on 12/15/08 (due to timing of CAFR, this has already occurred), \$3,000,000 on 8/15/09 and \$3,000,000 on 8/15/10.

CITY OF PETERSBURG, VIRGINIA

Notes to Basic Financial Statements
As of June 30, 2008 (Continued)

Note 16—Subsequent Events (Continued)

In December 2008, the City issued a short term, \$5,000,000 tax anticipation note to cover operating requirements as needed.

Required Supplementary Information

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Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- General Fund
 Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 27,338,300	\$ 27,612,600	\$ 28,104,541	\$ 491,941
Other local taxes	12,494,500	12,494,500	13,797,559	1,303,059
Permits, privilege fees and regulatory licenses	425,650	425,650	656,809	231,159
Fines and forfeitures	675,350	675,350	1,071,755	396,405
Revenue from use of money and property	305,000	305,000	329,407	24,407
Charges for services	2,604,400	2,608,600	2,775,554	166,954
Miscellaneous	104,400	676,460	561,993	(114,467)
Recovered costs	337,500	337,500	420,053	82,553
Intergovernmental:				
Commonwealth of Virginia	22,260,926	22,425,196	22,708,504	283,308
Federal	6,688,240	7,648,689	5,523,904	(2,124,785)
Total revenues	73,234,266	75,209,545	75,950,079	740,534
Expenditures:				
Current:				
General government administration	4,117,250	4,136,698	4,116,450	20,248
Judicial administration	2,127,360	2,308,058	2,139,494	168,564
Public safety	22,807,604	23,800,917	24,433,161	(632,244)
Public works	10,018,940	10,395,984	9,916,352	479,632
Health and welfare	16,867,050	17,313,050	16,225,483	1,087,567
Education	9,734,940	9,734,940	8,641,316	1,093,624
Parks, recreation, and cultural	2,089,300	2,051,377	2,143,688	(92,311)
Community development	1,972,875	2,163,709	1,904,384	259,325
Nondepartmental	410,400	561,460	803,240	(241,780)
Debt service:				
Principal retirement	1,716,710	1,716,710	2,960,058	(1,243,348)
Interest and other fiscal charges	1,687,575	1,687,575	1,414,046	273,529
Total expenditures	73,550,004	75,870,478	74,697,672	1,172,806
Excess (deficiency) of revenues over expenditures	(315,738)	(660,933)	1,252,407	1,913,340
Other financing sources (uses):				
Transfers in	-	-	398,520	398,520
Transfers (out)	-	-	(131,232)	(131,232)
Issuance of debt	-	-	69,711	69,711
Total other financing sources, net	-	-	336,999	336,999
Changes in fund balances	(315,738)	(660,933)	1,589,406	2,250,339
Fund balances at beginning of year	315,738	660,933	18,412,155	17,751,222
Fund balances at end of year	\$ -	\$ -	\$ 20,001,561	\$ 20,001,561

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

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded	Funded Ratio (d) (a) / (b)	Annual Covered Payroll (e)	UAAL
			(Excess Funded) Actuarial Accrued (UAAL) (c) (b) - (a)			as % of Payroll (f) (c) / (e)
6/30/2007	\$ 115,754,579	\$ 118,660,764	\$ 2,906,185	97.55%	\$ 22,689,844	12.81%
6/30/2006	102,249,331	103,898,978	1,649,647	98.41%	21,193,710	7.78%
6/30/2005	97,231,864	103,065,701	5,833,837	94.34%	20,237,405	28.83%

Note 1—Budgets and Budgetary Accounting

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

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

Note 2—Expenditures and Appropriations:

Expenditures exceeded appropriations at June 30, 2008 as follows:

<u>Function</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Amount</u>
Public safety	\$ 23,800,917	\$ 24,433,161	\$ 632,244
Parks, recreation and cultural	2,051,377	2,143,688	92,311
Nondepartmental	561,460	803,240	241,780
Debt service	3,404,285	4,374,104	969,819

Expenditures did not exceed appropriations in any other functions for the year ended June 30, 2008.

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Other Supplementary Information

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Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2008

	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	\$ -	\$ -	\$ 370,314	\$ 18,941	\$ -	\$ 389,255
Investments	-	-	1,510,914	-	2,000	1,512,914
Due from other governments	354,366	227,675	-	-	-	582,041
Total assets	354,366	227,675	1,881,228	18,941	2,000	2,484,210
LIABILITIES:						
Accounts payable	101,631	105,640	-	-	-	207,271
Due to other funds	303,113	-	10,071	-	-	313,184
Due to other governments	16,847	-	-	-	-	16,847
Unearned revenue	7,576	-	-	-	-	7,576
Total liabilities	429,167	105,640	10,071	-	-	544,878
FUND BALANCES:						
Fund balance:						
Reserved for:						
Community development	-	122,035	-	-	-	122,035
Perpetual care	-	-	1,871,157	-	-	1,871,157
Memorial funds	-	-	-	18,941	-	18,941
Library	-	-	-	-	2,000	2,000
Unreserved, undesignated	(74,801)	-	-	-	-	(74,801)
Total fund balances	(74,801)	122,035	1,871,157	18,941	2,000	1,939,332
Total liabilities and fund balances	\$ 354,366	\$ 227,675	\$ 1,881,228	\$ 18,941	\$ 2,000	\$ 2,484,210

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Fiscal Year Ended June 30, 2008

	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	\$ -	\$ -	\$ 111,162	\$ 44	\$ -	\$ 111,206
Charges for services	-	-	12,400	-	-	12,400
Recovered costs	46,449	-	-	-	-	46,449
Intergovernmental:						
Commonwealth of Virginia	352,119	-	-	-	-	352,119
Federal	973,210	602,572	-	-	-	1,575,782
Total revenues	1,371,778	602,572	123,562	44	-	2,097,956
Expenditures:						
Public safety	1,252,158	-	-	-	-	1,252,158
Education	226,045	-	-	-	-	226,045
Planning and community development	-	199,473	-	-	-	199,473
Total expenditures	1,478,203	199,473	-	-	-	1,677,676
Excess of revenues over (under) expenditures	(106,425)	403,099	123,562	44	-	420,280
Other financing sources (uses):						
Transfers in	131,232	-	-	-	-	131,232
Transfers (out)	-	(816,467)	(60,000)	-	-	(876,467)
Total other financing sources (uses), net	131,232	(816,467)	(60,000)	-	-	(745,235)
Changes in fund balances	24,807	(413,368)	63,562	44	-	(324,955)
Fund balances at beginning of year	(99,608)	535,403	1,807,595	18,897	2,000	2,264,287
Fund balances at end of year	\$ (74,801)	\$ 122,035	\$ 1,871,157	\$ 18,941	\$ 2,000	\$ 1,939,332

CITY OF PETERSBURG, VIRGINIA

Nonmajor Governmental Funds
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Special Revenue Funds
 Fiscal Year Ended June 30, 2008

	Federal and State Projects Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Recovered costs	\$ -	\$ 48,098	\$ 46,449	\$ (1,649)
Intergovernmental:				
Commonwealth of Virginia	-	499,778	352,119	(147,659)
Federal	-	876,975	973,210	96,235
Total revenues	-	1,424,851	1,371,778	(53,073)
Expenditures:				
Current:				
Public safety	260,745	1,275,297	1,252,158	23,139
Education	-	756,775	226,045	530,730
Planning and community development	-	-	-	-
Total expenditures	260,745	2,032,072	1,478,203	553,869
Excess (deficiency) of revenues over expenditures	(260,745)	(607,221)	(106,425)	500,796
Other financing sources (uses):				
Transfers in	-	-	131,232	131,232
Transfers (out)	-	-	-	-
Total other financing sources (uses), net	-	-	131,232	131,232
Changes in fund balances	(260,745)	(607,221)	24,807	632,028
Fund balance at beginning of the year	260,745	607,221	(99,608)	(706,829)
Fund balance at end of the year	\$ -	\$ -	\$ (74,801)	\$ (74,801)

Exhibit 15

Community Development Act Fund			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	224,000	602,572	378,572
-	224,000	602,572	378,572
-	-	-	-
-	-	-	-
-	226,200	199,473	26,727
-	226,200	199,473	26,727
-	(2,200)	403,099	405,299
-	-	-	-
-	-	(816,467)	(816,467)
-	-	(816,467)	(816,467)
-	(2,200)	(413,368)	(411,168)
-	2,200	535,403	533,203
\$ -	\$ -	\$ 122,035	\$ 122,035

Combining Balance Sheet - Agency Funds
June 30, 2008

	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Drug Seizure Fund</u>	<u>Industrial Development Authority</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 53,945	\$ 256,295	\$ 43,004	\$ 872,718	\$ 1,225,962
Total assets	<u>53,945</u>	<u>256,295</u>	<u>43,004</u>	<u>872,718</u>	<u>1,225,962</u>
LIABILITIES					
Amounts held for social service clients	53,945	-	-	-	53,945
Amounts held for others	-	130,127	43,004	872,718	1,045,849
Inmate telephone account	-	126,168	-	-	126,168
Total liabilities	<u>\$ 53,945</u>	<u>\$ 256,295</u>	<u>\$ 43,004</u>	<u>\$ 872,718</u>	<u>\$ 1,225,962</u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Fiscal Year Ended June 30, 2008

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and investments	\$ 58,868	\$ 83,708	\$ 88,631	\$ 53,945
Total assets	<u>58,868</u>	<u>83,708</u>	<u>88,631</u>	<u>53,945</u>
Liabilities:				
Amounts held for others	58,868	83,708	88,631	53,945
Total liabilities	<u>58,868</u>	<u>83,708</u>	<u>88,631</u>	<u>53,945</u>
Jail Inmate Fund:				
Assets:				
Cash and investments	614,213	437,443	795,361	256,295
Total assets	<u>614,213</u>	<u>437,443</u>	<u>795,361</u>	<u>256,295</u>
Liabilities:				
Amounts held for others	135,712	372,238	377,823	130,127
Inmate telephone account	478,501	65,205	417,538	126,168
Total liabilities	<u>614,213</u>	<u>437,443</u>	<u>795,361</u>	<u>256,295</u>
Industrial Development Authority:				
Assets:				
Cash and investments	281,693	783,294	192,269	872,718
Total assets	<u>281,693</u>	<u>783,294</u>	<u>192,269</u>	<u>872,718</u>
Liabilities:				
Amounts held for others	281,693	783,294	192,269	872,718
Total liabilities	<u>281,693</u>	<u>783,294</u>	<u>192,269</u>	<u>872,718</u>
Drug Seizure Fund:				
Assets:				
Cash and investments	38,875	54,450	50,321	43,004
Total assets	<u>38,875</u>	<u>54,450</u>	<u>50,321</u>	<u>43,004</u>
Liabilities:				
Amounts held for others	38,875	54,450	50,321	43,004
Total liabilities	<u>38,875</u>	<u>54,450</u>	<u>50,321</u>	<u>43,004</u>
Total -- All Agency Funds				
Assets:				
Cash and investments	993,649	1,358,895	1,126,582	1,225,962
Total assets	<u>993,649</u>	<u>1,358,895</u>	<u>1,126,582</u>	<u>1,225,962</u>
Liabilities:				
Amounts held for others	515,148	1,293,690	709,044	1,099,794
Inmate telephone account	478,501	65,205	417,538	126,168
Total liabilities	<u>\$ 993,649</u>	<u>\$ 1,358,895</u>	<u>\$ 1,126,582</u>	<u>\$ 1,225,962</u>

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Supporting Schedules

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Fiscal Year Ended June 30, 2008

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	\$ 19,431,300	\$ 19,705,600	\$ 20,368,693	\$ 663,093
Real and personal public service corporation property taxes	1,330,000	1,330,000	946,172	(383,828)
Personal property taxes	2,900,000	2,900,000	3,436,671	536,671
Mobile home taxes	17,000	17,000	18,444	1,444
Machinery and tools taxes	3,100,000	3,100,000	2,757,359	(342,641)
Penalties	560,000	560,000	351,300	(208,700)
Interest	-	-	225,902	225,902
Total general property taxes	27,338,300	27,612,600	28,104,541	491,941
Other local taxes:				
Local sales and use taxes	3,772,000	3,772,000	3,995,564	223,564
Communications tax	-	-	2,110,131	2,110,131
Consumer utility taxes	3,200,000	3,200,000	1,578,832	(1,621,168)
Business license taxes	2,753,600	2,753,600	2,747,595	(6,005)
Bank stock taxes	142,500	142,500	107,260	(35,240)
Motor vehicle licenses	585,000	585,000	595,329	10,329
Taxes on recordation and wills	307,900	307,900	397,501	89,601
Cigarette taxes	135,000	135,000	317,406	182,406
Admission and amusement taxes	11,500	11,500	17,584	6,084
Lodging taxes	362,000	362,000	470,393	108,393
Meals taxes	1,225,000	1,225,000	1,459,964	234,964
Total other local taxes	12,494,500	12,494,500	13,797,559	1,303,059
Permits, privilege fees and regulatory licenses:				
Animal licenses	6,000	6,000	7,733	1,733
Other permits and licenses	419,650	419,650	649,076	229,426
Total permits, privilege fees and regulatory licenses	425,650	425,650	656,809	231,159
Fines and Forfeitures:				
Court fines and forfeitures	660,000	660,000	983,965	323,965
Other fines and forfeitures	15,350	15,350	87,790	72,440
Total fines and forfeitures	675,350	675,350	1,071,755	396,405
Revenue from use of money and property:				
Revenue from use of money	30,000	30,000	35,289	5,289
Revenue from use of property	275,000	275,000	294,118	19,118
Total revenue from use of money and property	305,000	305,000	329,407	24,407

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Fiscal Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Charges for services:				
EMS Transportation Fees	\$ 84,000	\$ 84,000	\$ 74,323	\$ (9,677)
Court costs	99,000	103,200	305,115	201,915
Commonwealth attorney fees	2,200	2,200	2,655	455
Sheriff fees	13,100	13,100	10,127	(2,973)
Fire protection services	1,000	1,000	1,251	251
Other protection	2,000	2,000	1,354	(646)
Sanitation and waste removal	2,260,000	2,260,000	2,048,267	(211,733)
Sports complex fees	65,000	65,000	93,630	28,630
Recreation fees	22,500	22,500	11,616	(10,884)
Tourism charges	46,500	46,500	41,370	(5,130)
Other services rendered	600	600	12,114	11,514
Other charges for services	-	-	45	45
Library fees	8,500	8,500	26,722	18,222
Sale of inventory	-	-	146,965	146,965
	<u>2,604,400</u>	<u>2,608,600</u>	<u>2,775,554</u>	<u>166,954</u>
Total charges for services				
Miscellaneous revenue:				
Payment in lieu of tax	60,000	60,000	58,534	(1,466)
Cameron Foundation donations	-	140,960	19,432	(121,528)
Other miscellaneous revenue	44,400	475,500	484,027	8,527
	<u>104,400</u>	<u>676,460</u>	<u>561,993</u>	<u>(114,467)</u>
Total miscellaneous revenue				
Recovered costs:				
Recoveries and rebates	337,500	337,500	420,053	82,553
	<u>337,500</u>	<u>337,500</u>	<u>420,053</u>	<u>82,553</u>
Total recovered costs				
	<u>44,285,100</u>	<u>45,135,660</u>	<u>47,717,671</u>	<u>2,582,011</u>
Total revenue from local sources				
Revenue from the Commonwealth of Virginia:				
Noncategorical aid:				
ABC profits	19,780	19,780	19,780	-
Wine taxes	20,730	20,730	20,733	3
Mobile home titling taxes	400	400	2,986	2,586
Tax on deeds	50,800	50,800	87,681	36,881
Rolling stock tax	59,330	59,330	66,337	7,007
Auto rental tax	114,000	114,000	67,562	(46,438)
PPTRA	2,775,000	2,775,000	2,726,041	(48,959)
	<u>3,040,040</u>	<u>3,040,040</u>	<u>2,991,120</u>	<u>(48,920)</u>
Total noncategorical aid				

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Fiscal Year Ended June 30, 2008 (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	\$ 650,000	\$ 650,000	\$ 716,129	\$ 66,129
Sheriff	3,105,500	3,105,500	3,241,546	136,046
Commissioner of the Revenue	148,000	148,000	147,801	(199)
Treasurer	125,000	125,000	139,537	14,537
Medical examiner	840	840	-	(840)
Registrar/electoral board	64,000	64,000	85,980	21,980
Clerk of the Circuit Court	290,560	355,360	359,510	4,150
Total shared expenses	<u>4,383,900</u>	<u>4,448,700</u>	<u>4,690,503</u>	<u>241,803</u>
Other categorical aid:				
Public assistance and welfare administration	4,020,575	4,020,575	4,020,553	(22)
Comprehensive Services Act grant	2,271,500	2,271,500	2,271,436	(64)
State and local foster care	9,085	9,085	9,084	(1)
Law enforcement	2,531,616	2,531,616	2,404,288	(127,328)
Street and highway maintenance	4,300,000	4,300,000	4,438,529	138,529
Library	185,480	206,080	177,998	(28,082)
Fire program funds	50,000	50,000	88,942	38,942
Abandoned vehicle program	-	-	25,000	25,000
Adult confinement	850,000	850,000	734,522	(115,478)
Asset forfeiture proceeds	-	-	119,712	119,712
Four-for-life grant	65,680	65,680	104,651	38,971
E911 wireless program	375,800	375,800	354,950	(20,850)
E911 state equipment grant	-	-	150,000	150,000
Historic resources grant	-	27,800	50,000	22,200
Department of Health equipment grant	-	-	75,616	75,616
Other state funds	177,250	228,320	1,600	(226,720)
Total other categorical aid	<u>14,836,986</u>	<u>14,936,456</u>	<u>15,026,881</u>	<u>90,425</u>
Total categorical aid	<u>19,220,886</u>	<u>19,385,156</u>	<u>19,717,384</u>	<u>332,228</u>
Total revenue from the Commonwealth of Virginia	<u>22,260,926</u>	<u>22,425,196</u>	<u>22,708,504</u>	<u>283,308</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	6,558,340	6,983,465	5,370,151	(1,613,314)
Emergency management preparedness grant	-	-	10,675	10,675
Sheriff Grant - S.T.E.P.S.	-	-	78,190	78,190
Adoption Assistance	64,900	64,900	64,888	(12)
Other federal grants	65,000	600,324	-	(600,324)
Total revenue from the federal government	<u>6,688,240</u>	<u>7,648,689</u>	<u>5,523,904</u>	<u>(2,124,785)</u>
Total General Fund	<u><u>73,234,266</u></u>	<u><u>75,209,545</u></u>	<u><u>75,950,079</u></u>	<u><u>740,534</u></u>

Governmental Funds
Schedule of Revenues -- Budget and Actual
Fiscal Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 66,605	\$ 66,605
Miscellaneous revenue:				
Donations	-	2,725,000	1,912,105	(812,895)
Revenue from the Commonwealth:				
Categorical aid:				
Department of Transportation	-	3,757,490	1,158,102	(2,599,388)
Revenue from the federal government:				
Categorical aid:				
Other federal funds	-	337,934	-	(337,934)
Total Capital Projects Fund	-	6,820,424	3,136,812	(3,683,612)
Special Revenue Funds:				
Federal and State Projects Fund:				
Revenue from local sources:				
Recovered costs:				
Richmond Community Action Program	-	30,000	15,000	(15,000)
Rebates and refunds	-	18,098	31,449	13,351
Total recovered costs	-	48,098	46,449	(1,649)
Total revenue from local sources	-	48,098	46,449	(1,649)
Revenue from the Commonwealth:				
Other categorical aid:				
Criminal justice corrections grants	-	229,823	229,820	(3)
Victim witness grants	-	38,347	34,972	(3,375)
VJCCCA grant	-	194,220	77,081	(117,139)
Other state revenue	-	37,388	10,246	(27,142)
Total revenue from the Commonwealth	-	499,778	352,119	(147,659)
Revenue from the federal government:				
Categorical aid:				
COPS universal hiring grant	-	-	36,633	36,633
Summer lunch program	-	390,000	214,082	(175,918)
POWER program	-	131,390	98,494	(32,896)
Criminal justice services - victim witness	-	153,385	139,913	(13,472)
Weed and seed	-	200,000	209,689	9,689
Gangs in Virginia grant	-	-	100,588	100,588

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Fiscal Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Special Revenue Funds: (Continued)				
Federal and State Projects Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Records management grant	\$ -	\$ -	\$ 25,937	\$ 25,937
Reducing absences grant	-	-	44,261	44,261
Operation diamond - Commonwealth's Attorney	-	-	36,357	36,357
Bio-terrorism grant	-	-	67,256	67,256
Other federal grants	-	2,200	-	(2,200)
Total revenue from the Federal Government	-	876,975	973,210	96,235
Total Federal and State Projects Fund	-	1,424,851	1,371,778	(53,073)
Community Development Act Fund:				
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grant	-	224,000	602,572	378,572
Total Community Development Act Fund	-	224,000	602,572	378,572
Blandford Cemetery Perpetual Care Fund:				
Revenue from use of money and property:				
Revenue from use of money	-	-	111,162	111,162
Revenue from local sources:				
Charges for services:				
Sale of lots	-	-	12,400	12,400
Total Blandford Cemetery Perpetual Care Fund	-	-	123,562	123,562
Clara J. McKenney Memorial Fund:				
Revenue from use of money and property:				
Revenue from use of money	-	-	44	44
Total Clara J. McKenney Memorial Fund	-	-	44	44
Total Non-major Funds	-	1,648,851	2,097,956	449,105
Total Revenues	\$ 73,234,266	\$ 83,678,820	\$ 81,184,847	\$ (2,493,973)

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Fiscal Year Ended June 30, 2008

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	\$ 172,610	\$ 172,610	\$ 176,038	\$ (3,428)
General and financial administration:				
City Manager	377,660	377,660	347,941	29,719
Legal services	332,110	347,110	289,719	57,391
Personnel	244,050	244,050	195,855	48,195
Commissioner of the Revenue	359,640	359,640	321,722	37,918
Assessor	280,470	280,470	254,422	26,048
Treasurer	319,990	319,990	304,427	15,563
Finance Director	199,720	199,720	341,118	(141,398)
Accounting	244,580	244,580	201,498	43,082
Purchasing and general services	203,130	203,130	229,496	(26,366)
Data processing	164,680	164,680	184,358	(19,678)
Motor vehicle repair	903,000	907,448	934,071	(26,623)
Insurance - financial	85,810	85,810	74,508	11,302
Virginia Municipal League	10,550	10,550	10,549	1
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	<u>3,729,890</u>	<u>3,749,338</u>	<u>3,691,184</u>	<u>58,154</u>
Board of Elections:				
Electoral board and officials	76,150	76,150	97,461	(21,311)
Registrar	138,600	138,600	151,767	(13,167)
Total board of elections	<u>214,750</u>	<u>214,750</u>	<u>249,228</u>	<u>(34,478)</u>
Total general government administration	<u>4,117,250</u>	<u>4,136,698</u>	<u>4,116,450</u>	<u>20,248</u>
Judicial administration:				
Courts:				
Circuit court	122,800	170,100	139,660	30,440
General district court	73,400	133,400	60,553	72,847
Magistrates	3,460	7,660	8,197	(537)
Juvenile justice	62,840	62,840	64,740	(1,900)
District J & D relations court	34,650	34,650	28,622	6,028
Clerk of the Circuit Court	538,490	603,290	633,776	(30,486)
Juvenile court services	177,500	181,898	136,881	45,017
Total courts	<u>1,013,140</u>	<u>1,193,838</u>	<u>1,072,429</u>	<u>121,409</u>
Commonwealth's Attorney	1,114,220	1,114,220	1,067,065	47,155
Total judicial administration	<u>2,127,360</u>	<u>2,308,058</u>	<u>2,139,494</u>	<u>168,564</u>

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Fiscal Year Ended June 30, 2008 (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	\$ 8,816,980	\$ 9,158,318	\$ 9,334,350	\$ (176,032)
Criminal Justice Academy	74,480	74,480	74,482	(2)
Total law enforcement and traffic control	8,891,460	9,232,798	9,408,832	(176,034)
Fire and rescue services:				
Fire department	5,824,060	6,349,579	6,313,021	36,558
Contribution to Southside VA Emergency Crew	300,000	300,000	300,000	-
Total fire and rescue services	6,124,060	6,649,579	6,613,021	36,558
Correction and detention:				
City jail	7,045,904	7,172,360	7,633,032	(460,672)
Juvenile detention home	564,000	564,000	599,577	(35,577)
Total correction and detention	7,609,904	7,736,360	8,232,609	(496,249)
Other protection:				
Animal control	182,180	182,180	178,699	3,481
Total other protection	182,180	182,180	178,699	3,481
Total public safety	22,807,604	23,800,917	24,433,161	(632,244)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	571,970	713,608	712,054	1,554
Engineering	658,240	764,898	622,341	142,557
Street maintenance	3,231,760	3,305,301	2,732,166	573,135
Total highways, streets, bridges and sidewalks	4,461,970	4,783,807	4,066,561	717,246
Sanitation and waste removal:				
Refuse collection	1,325,000	1,325,000	1,357,113	(32,113)
Total sanitation and waste removal	1,325,000	1,325,000	1,357,113	(32,113)
Maintenance of general buildings and grounds:				
Building maintenance	3,348,620	3,403,827	3,671,554	(267,727)
Property and liability insurance	544,500	544,500	507,388	37,112
Cemeteries maintenance	338,850	338,850	313,736	25,114
Total maintenance of general buildings and grounds	4,231,970	4,287,177	4,492,678	(205,501)
Total public works	10,018,940	10,395,984	9,916,352	479,632

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Fiscal Year Ended June 30, 2008 (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	\$ 746,390	\$ 746,390	\$ 746,743	\$ (353)
Central Virginia health planning	3,730	3,730	3,730	-
Total health	750,120	750,120	750,473	(353)
Mental health and mental retardation:				
Chapter X Board - District 19	173,310	173,310	173,310	-
Welfare:				
Social services	11,439,870	11,885,870	10,428,887	1,456,983
Comprehensive services	4,371,380	4,371,380	4,750,023	(378,643)
Legal aid contributions	99,370	99,370	99,370	-
Southside sheltered workshop	8,000	8,000	8,000	-
Crater District Area Agency on Aging	25,000	25,000	15,420	9,580
Total welfare	15,943,620	16,389,620	15,301,700	1,087,920
Total health and welfare	16,867,050	17,313,050	16,225,483	1,087,567
Education:				
Contributions to community colleges	4,940	4,940	4,940	-
Contributions to Component Unit - School Board	9,730,000	9,730,000	8,636,376	1,093,624
Total education	9,734,940	9,734,940	8,641,316	1,093,624
Parks, recreation and cultural:				
Parks and recreation:				
Parks and leisure services	1,131,260	1,036,260	1,182,889	(146,629)
Cultural:				
Library	953,040	1,010,117	955,799	54,318
Petersburg Symphony	5,000	5,000	5,000	-
Total cultural	958,040	1,015,117	960,799	54,318
Total parks, recreation and cultural	2,089,300	2,051,377	2,143,688	(92,311)
Community development:				
Planning and community development:				
Planning	512,800	525,184	368,906	156,278
Economic development	305,950	305,950	299,310	6,640
Tourist promotion program	747,305	857,255	848,842	8,413
Crater planning district	20,480	20,480	26,321	(5,841)
Contribution to Downtown Petersburg Inc.	25,000	25,000	25,000	-
Contribution to Petersburg Area Tourism	100,000	100,000	100,000	-

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Fiscal Year Ended June 30, 2008 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (continued)				
Community development: (continued)				
Planning and community development: (continued)				
Contributions - other community organizations	\$ 213,400	\$ 281,900	\$ 191,705	\$ 90,195
Total planning and community development	<u>1,924,935</u>	<u>2,115,769</u>	<u>1,860,084</u>	<u>255,685</u>
Environmental management:				
Appomattox River Soil & Water District	7,500	7,500	6,500	1,000
Cooperative extension program:				
VPI nutritional services	40,440	40,440	37,800	2,640
Total community development	<u>1,972,875</u>	<u>2,163,709</u>	<u>1,904,384</u>	<u>259,325</u>
Nondepartmental:				
Workers' compensation insurance	355,000	355,000	588,025	(233,025)
Contingencies	55,400	206,460	215,215	(8,755)
Total nondepartmental	<u>410,400</u>	<u>561,460</u>	<u>803,240</u>	<u>(241,780)</u>
Debt service:				
Principal retirement	1,716,710	1,716,710	2,960,058	(1,243,348)
Interest and fiscal charges	1,687,575	1,687,575	1,414,046	273,529
Total debt service	<u>3,404,285</u>	<u>3,404,285</u>	<u>4,374,104</u>	<u>(969,819)</u>
Total General Fund	<u>73,550,004</u>	<u>75,870,478</u>	<u>74,697,672</u>	<u>1,172,806</u>
Capital Projects Fund:				
Capital outlays / projects:				
Public safety:				
Fire apparatus motor vehicles	-	220,000	175,650	44,350
800 MHz communications system equipment	-	-	598,260	(598,260)
Total public safety	<u>-</u>	<u>220,000</u>	<u>773,910</u>	<u>(553,910)</u>
Public works:				
Engineering fees - bridges	-	1,038,250	768,101	270,149
Engineering and design - Hospital road	-	9,365,000	6,015,946	3,349,054
Land acquisition - Hospital road	-	-	501,400	(501,400)
Streets, curbs and gutters	-	117,934	38,565	79,369
Total public works	<u>-</u>	<u>10,521,184</u>	<u>7,324,012</u>	<u>3,197,172</u>
Education:				
School building projects	-	9,100,000	5,435,580	3,664,420
Total education	<u>-</u>	<u>9,100,000</u>	<u>5,435,580</u>	<u>3,664,420</u>

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Fiscal Year Ended June 30, 2008 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Fund: (Continued)				
Capital outlays / projects: (Continued)				
Parks, recreation and cultural:				
Library engineering fees	\$ -	\$ 300,000	\$ 150,000	\$ 150,000
Golf course	674,196	674,196	1,564,273	(890,077)
Park improvements - various	-	-	295,576	(295,576)
Total parks, recreation and cultural	<u>674,196</u>	<u>974,196</u>	<u>2,009,849</u>	<u>(1,035,653)</u>
Community development:				
Farmers market plan design	-	-	18,928	(18,928)
Passenger Train Station	-	-	606,059	(606,059)
Appomattox River dredging	-	-	24,041	(24,041)
Building improvements - Handicap Ramp	-	-	87,121	(87,121)
Total community development	<u>-</u>	<u>-</u>	<u>736,149</u>	<u>(736,149)</u>
Debt service:				
Interest and fiscal charges	-	-	35,755	(35,755)
Total Capital Projects Fund	<u>674,196</u>	<u>20,815,380</u>	<u>16,315,255</u>	<u>4,500,125</u>
Special Revenue Funds:				
Federal and State Projects Fund:				
Public Safety:				
Law Enforcement and Traffic Control:				
SAVY program	25,717	25,717	1,391	24,326
Weed and seed grant #3	134,771	134,771	134,771	-
Weed and seed grant #4	-	200,000	91,585	108,415
Victim witness program	-	191,732	174,885	16,847
Bioterrorism grant	-	-	11,854	(11,854)
Comprehensive community corrections grant	17,141	265,061	45,706	219,355
Virginia juvenile community corrections grant	-	194,220	195,626	(1,406)
RCAPP Office on youth grant	31,975	61,975	33,779	28,196
PCC client services grant	-	-	208,711	(208,711)
POWER youth program employment	-	131,390	93,928	37,462
Litter control	-	9,165	560	8,605
Juvenile accountability grant	-	-	37,028	(37,028)
Day reporting center grant	-	-	40	(40)
COPS in school grant	-	-	49,641	(49,641)
Police records management grant	-	-	25,937	(25,937)
Recruiting and retention criminal justice grant	-	10,125	14,382	(4,257)
REAP grant	-	-	41,143	(41,143)
Operation diamond - gang combat	51,141	51,141	20,765	30,376
Gang resistance education and training	-	-	13,672	(13,672)
GOSAP - operation diamond project	-	-	56,754	(56,754)
Total public safety	<u>260,745</u>	<u>1,275,297</u>	<u>1,252,158</u>	<u>23,139</u>

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Fiscal Year Ended June 30, 2008 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Special Revenue Funds: (Continued)				
Federal and State Projects Fund: (Continued)				
Education:				
Summer lunch program	\$ -	\$ 756,775	\$ 226,045	\$ 530,730
Total Federal and State Projects Fund	<u>260,745</u>	<u>2,032,072</u>	<u>1,478,203</u>	<u>553,869</u>
Community Development Act Fund:				
Planning and Community Development:				
Petersburg Housing Authority	-	148,000	116,000	32,000
Safe haven - weed and seed program	-	2,200	8,653	(6,453)
Petersburg healthy families lifeline	-	10,000	10,000	-
PCOC downpayment assistance	-	4,500	4,500	-
Foster grandparents	-	4,000	4,000	-
C.A.R.E.S. program	-	32,000	32,000	-
Interfaith adult daycare	-	4,600	3,420	1,180
Salvation Army men's shelter	-	17,400	17,400	-
First Baptist tutorial program	-	3,500	3,500	-
Total planning and community development	<u>-</u>	<u>226,200</u>	<u>199,473</u>	<u>26,727</u>
Total Community Development Act Fund	<u>-</u>	<u>226,200</u>	<u>199,473</u>	<u>26,727</u>
Total Special Revenue Funds	<u>260,745</u>	<u>2,258,272</u>	<u>1,677,676</u>	<u>580,596</u>
Total Expenditures	<u>\$ 74,484,945</u>	<u>\$ 98,944,130</u>	<u>\$ 92,690,603</u>	<u>\$ 6,253,527</u>

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

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

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Table 1

CITY OF PETERSBURG, VIRGINIA

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Invested in capital assets, net of related debt	\$ 6,504,438	\$ 5,664,798	\$ 14,392,808	\$ 12,924,280	\$ 11,349,587	\$ 16,802,876
Restricted	2,921,397	2,415,968	-	1,794,038	1,934,491	2,086,098
Unrestricted	7,361,752	7,586,029	12,502,877	12,353,730	12,306,724	9,695,632
Total governmental activities net assets	<u>16,787,587</u>	<u>15,666,795</u>	<u>26,895,685</u>	<u>27,072,048</u>	<u>25,590,802</u>	<u>28,584,606</u>
Business-type activities:						
Invested in capital assets, net of related debt	7,315,241	7,634,991	7,926,586	21,366,680	17,746,920	25,697,774
Restricted	-	-	-	5,917,000	5,536,340	5,151,624
Unrestricted	9,563,111	8,427,264	9,238,701	(3,233,323)	(2,998,388)	(3,826,030)
Total business-type activities	<u>16,878,352</u>	<u>16,062,255</u>	<u>17,165,287</u>	<u>24,050,357</u>	<u>20,284,872</u>	<u>27,023,368</u>
Primary government						
Invested in capital assets, net of related debt	13,819,679	13,299,789	22,319,394	34,290,960	29,096,507	42,500,650
Restricted	2,921,397	2,415,968	-	7,711,038	7,470,831	7,237,722
Unrestricted	16,924,863	16,013,293	21,741,578	9,120,407	9,308,336	5,869,602
Total primary government	<u>\$ 33,665,939</u>	<u>\$ 31,729,050</u>	<u>\$ 44,060,972</u>	<u>\$ 51,122,405</u>	<u>\$ 45,875,674</u>	<u>\$ 55,607,974</u>

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

CITY OF PETERSBURG, VIRGINIA

Table 2
Page 1 of 2

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

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

CITY OF PETERSBURG, VIRGINIA

Table 2
Page 2 of 2

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Business-type activities:						
Charges for services:						
Public Utility	\$ 6,160,514	\$ 6,233,829	\$ 6,391,549	\$ 6,263,961	\$ 6,540,056	7,037,608
Mass Transit	358,404	362,353	354,620	432,432	453,045	512,960
Golf Course	-	-	-	-	-	188,080
Operating grants and contributions:						
Mass Transit	1,222,493	1,664,694	1,263,219	831,372	1,209,175	1,415,667
Capital grants and contributions	-	-	-	-	420,558	2,210,427
Public Utility	-	335,873	85,797	1,054,570	2,121,811	7,360,969
Mass Transit	7,741,411	8,596,749	8,095,185	8,582,335	10,744,645	18,725,711
Total business-type activities program revenues	32,454,387	35,545,194	35,124,973	39,532,456	43,066,262	53,859,617
Total primary government program revenues						
Net (expense) / revenue	(36,742,674)	(40,156,395)	(38,921,033)	(41,243,516)	(42,667,379)	(43,189,012)
Governmental activities	931,518	64,914	(145,460)	(1,009,399)	547,011	6,688,212
Business-type activities	(35,811,156)	(40,091,481)	(39,066,493)	(42,252,915)	(42,120,368)	(36,500,800)
Total primary government net expense						
General Revenues and Other Changes in Net Assets						
Governmental activities:						
General property taxes	21,640,479	24,538,651	23,233,023	24,990,058	26,502,531	28,860,512
Local sales and use taxes	3,076,650	3,466,521	3,568,160	3,827,026	3,815,937	3,995,564
Communications taxes	-	-	-	-	904,852	2,110,131
Consumer utility taxes	3,585,218	3,242,163	3,239,247	3,130,198	2,493,943	1,578,832
Business license taxes	2,303,168	2,663,386	2,675,192	2,926,116	3,029,257	2,747,595
Motor Vehicle license taxes	585,974	606,624	588,524	598,616	593,977	595,329
Lodging Taxes	198,404	304,151	272,139	301,209	428,595	470,393
Meals tax	991,396	1,086,430	1,130,653	1,201,759	1,286,205	1,459,964
Other local taxes	468,793	441,837	878,847	925,888	1,147,339	839,751
Unrestricted revenues from use of money and property	471,061	277,929	380,724	506,158	477,504	507,218
Miscellaneous	405,749	807,191	340,657	910,762	218,764	114,854
Grants and contributions not restricted to specific programs	2,920,155	3,060,577	2,810,219	3,619,058	2,947,036	2,969,344
Gain/(Loss) on sale of assets	-	-	-	-	212,697	(66,671)
Transfers (net)	57,392	-	(197,058)	(1,516,969)	(644,531)	-
Total governmental activities	36,704,439	40,495,460	38,920,327	41,419,879	43,414,106	46,182,816
Business-type activities:						
Unrestricted revenues from use of money and property	-	95,260	-	-	-	50,284
Miscellaneous	95,251	-	-	-	-	-
Transfers	(57,392)	-	197,058	1,516,969	644,531	-
Total business-type activities	37,859	95,260	197,058	1,516,969	644,531	50,284
Total primary government	36,742,298	40,590,720	39,117,385	42,936,848	44,058,637	46,233,100
Change in Net Assets						
Governmental activities	(38,235)	339,065	(706)	176,363	746,727	2,993,804
Business-type activities	969,377	160,174	51,598	507,570	1,191,542	6,738,496
Total primary government	\$ 931,142	\$ 499,239	\$ 50,892	\$ 683,933	\$ 1,938,269	\$ 9,732,300

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

CITY OF PETERSBURG, VIRGINIA

Table 3

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

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Communications Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
2003	\$ 21,640,479	\$ 3,076,650	\$ -	\$ 3,585,218	\$ 2,303,168	\$ 196,506	\$ 188,404	\$ 991,396	\$ 858,261	\$ 32,850,082
2004	24,538,651	3,466,521	-	3,242,163	2,663,386	606,624	304,151	1,086,430	441,837	36,349,763
2005	23,233,023	3,568,160	-	3,239,247	2,675,192	588,524	272,139	1,130,653	878,847	35,585,785
2006	24,990,058	3,827,026	-	3,130,198	2,926,116	598,616	301,209	1,201,759	925,888	37,900,870
2007	26,502,531	3,815,937	904,852	2,493,943	3,029,257	593,977	428,595	1,286,205	1,147,339	40,202,636
2008	28,860,512	3,995,564	2,110,131	1,578,832	2,747,595	595,329	470,393	1,459,964	839,751	42,658,071

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

CITY OF PETERSBURG, VIRGINIA

Table 4

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Reserved:										
Inventory	\$ 54,903	\$ 98,790	\$ 110,812	\$ 107,691	\$ 120,464	\$ 99,716	\$ 110,772	\$ 3,976,588	\$ 4,695,716	\$ 4,652,161
Asset forfeiture	-	-	-	-	-	-	-	-	105,999	194,000
Capital Projects	700,544	914,981	694,825	1,861,741	1,424,867	1,796,800	2,061,010	1,660,397	926,096	-
Debt Service	-	-	-	-	-	-	-	-	515,000	-
Landfill closure/post-closure monitoring	-	-	-	-	-	-	-	-	1,500,000	1,750,000
Encumbrances	-	-	146,071	630,614	744,100	681,365	1,315,060	709,027	441,550	1,470,314
Unreserved, undesignated	4,911,664	5,152,566	5,177,028	7,189,870	7,353,015	7,776,015	8,946,673	9,221,441	10,227,794	11,935,086
Total general fund	5,667,111	6,166,337	6,128,736	9,789,916	9,642,446	10,353,896	12,433,515	15,567,453	18,412,155	20,001,561
All other governmental funds										
Reserved:										
Capital projects	515,812	453,418	1,060,142	1,634,520	1,496,530	619,168	197,425	-	-	1,804,898
Special revenue funds	-	-	-	-	-	-	-	-	535,403	122,035
Permanent funds	-	-	-	-	-	-	-	-	1,828,492	1,892,098
Unreserved, reported in:										
Non-major:										
Special revenue funds	-	-	309,283	302,881	435,053	211,158	381,251	309,582	(99,608)	(74,801)
Capital projects fund	-	-	-	-	-	-	-	80,274	(63,717)	(5,305,826)
Permanent funds	2,010,247	1,987,663	2,186,400	2,135,983	1,838,185	1,697,438	1,686,016	1,794,038	-	-
Total all other governmental funds	2,526,059	2,441,081	3,555,825	4,073,384	3,769,768	2,527,764	2,266,692	2,183,894	2,200,570	(1,561,596)
Total governmental fund balances	\$ 8,193,170	\$ 8,607,418	\$ 9,684,561	\$ 13,863,300	\$ 13,412,214	\$ 12,881,660	\$ 14,700,207	\$ 17,751,347	\$ 20,612,725	\$ 18,439,965

CITY OF PETERSBURG, VIRGINIA

Table 5

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
General property taxes	\$ 19,121,276	\$ 19,709,888	\$ 18,519,749	\$ 21,560,995	\$ 21,552,330	\$ 22,900,222	\$ 23,622,768	\$ 24,706,331	\$ 26,546,575	\$ 28,104,541
Other local taxes	9,885,201	10,175,195	10,698,579	10,788,452	11,209,603	11,811,112	12,352,762	12,910,812	13,700,105	13,797,559
Permits, privilege fees and regulatory licenses	111,034	90,959	290,840	133,205	288,756	304,760	117,670	169,597	547,715	656,809
Fines and forfeitures	474,681	355,422	289,616	417,044	421,120	494,797	475,327	596,864	756,124	1,071,755
Revenue from use of money and property	1,350,248	1,329,810	343,065	276,075	471,061	277,929	380,724	506,158	477,504	507,218
Charges for services	1,470,935	1,453,900	1,541,097	2,717,333	2,202,166	2,254,532	4,337,257	2,441,216	2,802,449	2,787,954
Miscellaneous	-	-	363,930	773,915	405,749	807,191	900,568	910,762	2,308,411	2,474,098
Recovered costs	1,232,768	1,770,724	1,166,183	317,883	357,829	763,081	748,552	213,361	124,005	466,502
Intergovernmental:										
Commonwealth	14,969,197	17,895,253	19,582,047	18,948,117	17,956,446	18,712,177	18,955,253	21,961,358	21,677,880	24,218,725
Federal	3,837,334	4,587,424	5,378,070	6,124,189	6,765,243	8,242,756	7,294,590	8,367,269	7,593,655	7,099,686
Total revenues	52,452,674	57,368,575	58,173,176	62,057,208	61,630,303	66,568,557	67,285,471	72,783,728	76,534,423	81,184,847
Expenditures:										
General government administration	3,101,117	3,354,195	3,714,748	3,443,498	3,263,767	3,358,575	3,465,275	3,556,652	3,678,061	4,116,450
Judicial administration	1,291,713	1,435,749	1,483,851	1,478,392	1,370,657	1,624,507	1,802,404	1,722,388	1,895,420	2,139,494
Public safety	15,115,720	16,118,535	18,998,262	20,596,012	20,130,250	20,205,509	21,488,875	28,969,711	25,312,175	26,459,229
Public works	5,615,287	5,922,426	6,932,711	6,226,282	7,066,086	8,561,819	8,890,604	8,877,879	11,173,225	17,240,364
Health and welfare	11,604,051	12,671,495	9,481,072	10,518,785	12,046,699	12,054,331	13,073,903	13,847,937	14,296,165	16,225,483
Education	9,337,675	9,368,448	9,305,009	9,254,713	10,769,473	11,568,711	10,847,658	9,400,152	8,838,660	14,302,941
Parks, recreation, and cultural	1,497,895	1,671,379	1,649,769	2,160,986	2,233,596	2,312,585	3,004,597	3,833,719	5,549,782	4,153,537
Community development	1,575,775	1,551,003	1,810,444	1,117,109	1,186,386	1,032,010	2,037,795	3,309,515	2,861,651	2,840,006
Capital outlays and projects	4,024,991	2,428,096	1,518,300	1,279,653	747,974	1,271,968	677,323	1,315,624	707,417	803,240
Nondepartmental	737,617	703,823	776,834	615,951	694,611	4,298,117	677,323	1,315,624	707,417	803,240
Debt service:										
Principal retirement	975,866	678,566	952,845	2,513,015	1,594,387	1,396,946	1,443,848	1,720,556	2,590,060	2,960,058
Interest and other fiscal charges	1,971,807	1,825,089	1,601,307	1,411,466	994,756	1,245,890	1,246,777	1,356,881	1,448,255	1,449,801
Total expenditures	56,849,514	57,728,804	58,225,152	60,615,862	62,098,642	68,930,968	67,979,059	77,911,014	78,350,871	92,690,603
Excess (deficiency) of revenues over expenditures	(4,396,840)	(360,229)	(51,976)	1,441,346	(468,336)	(2,362,411)	(693,588)	(5,127,286)	(1,816,448)	(11,505,756)
Other financing sources (uses):										
Transfers in	1,064,526	703,734	25,000	1,448,986	402,362	692,653	658,961	1,381,953	1,082,083	1,014,136
Transfers (out)	(711,281)	(451,435)	-	(1,171,686)	(344,970)	(692,653)	(856,019)	(2,692,300)	(1,726,614)	(1,014,136)
Proceeds from capital leases	160,088	544,762	-	-	-	-	-	508,329	205,500	232,996
Sale of assets	-	-	905,382	511,233	-	-	-	-	-	-
Issuance of debt	-	-	-	1,999,277	432,000	1,624,057	5,750,088	6,775,277	5,116,857	9,100,000
Proceeds from refunding bonds	-	-	-	-	-	7,485,000	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(5,777,200)	(3,040,895)	-	-	-
Retirement of bond anticipation note	-	-	-	-	-	(1,500,000)	-	-	-	-
Total other financing sources (uses), net	513,333	797,061	930,382	2,787,810	489,392	1,831,857	2,512,135	5,973,259	4,677,826	9,332,996
Net changes in fund balances	\$(3,883,507)	\$ 436,832	\$ 878,406	\$ 4,229,156	\$ 21,056	\$(530,554)	\$ 1,818,547	\$ 845,973	\$ 2,861,378	\$ (2,172,760)
Debt service as a percentage of noncapital expenditures	5.58%	4.53%	4.50%	6.61%	4.22%	3.91%	4.06%	3.99%	5.64%	4.79%

CITY OF PETERSBURG, VIRGINIA

Table 6

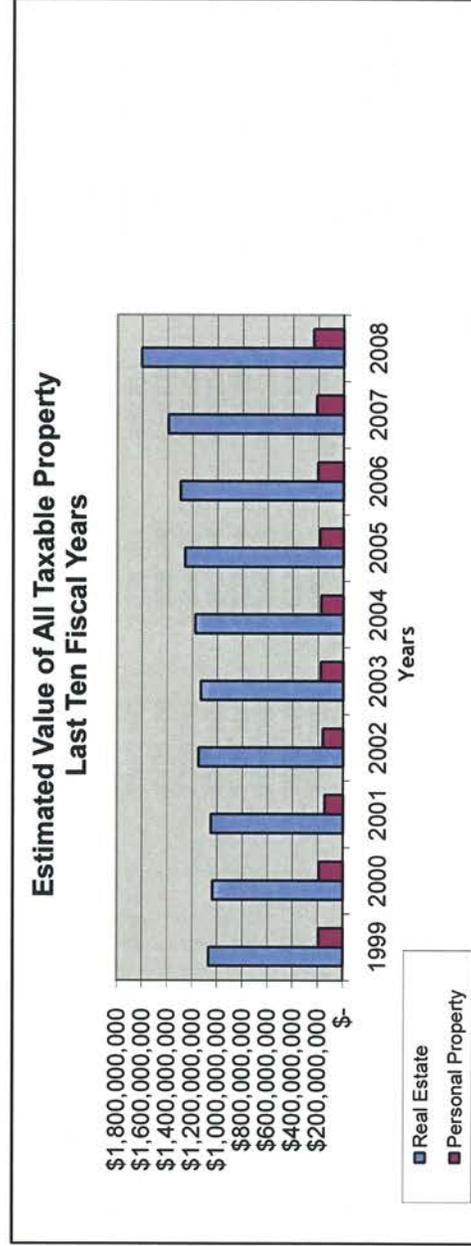
Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Communications Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
1999	\$ 19,121,276	\$ 2,763,306	\$ -	\$ 3,124,325	\$ 1,826,975	\$ 576,802	\$ 218,327	\$ 750,594	\$ 624,872	\$ 29,006,477
2000	19,706,888	2,884,193	-	3,174,667	1,980,418	571,327	200,957	765,455	598,178	29,882,083
2001	18,519,749	2,922,705	-	3,615,716	2,071,112	609,814	199,410	766,258	513,564	29,218,328
2002	21,560,995	3,017,675	-	3,082,008	2,384,172	612,238	192,707	989,174	510,478	32,349,447
2003	21,552,330	3,076,650	-	3,130,198	2,303,168	196,506	198,404	991,396	858,261	32,306,913
2004	22,900,222	3,466,521	-	3,242,163	2,663,386	606,624	304,151	1,086,430	441,837	34,711,334
2005	23,622,768	3,568,160	-	3,239,247	2,675,192	588,524	272,139	1,130,653	878,847	35,975,530
2006	24,706,331	3,827,026	-	3,130,198	2,926,116	598,616	301,209	1,201,759	925,888	37,617,143
2007	26,546,575	3,815,937	904,852	2,493,943	3,029,257	593,977	428,595	1,286,205	1,147,339	40,246,680
2008	28,104,541	3,995,564	2,110,131	1,578,832	2,747,595	595,329	470,393	1,459,964	839,751	41,902,100

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

Fiscal Years Ending June 30,	Real Estate	Personal Property	Total
1999	\$ 1,067,221,400	\$ 193,778,081	\$ 1,260,999,481
2000	1,037,302,639	190,407,248	1,227,709,887
2001	1,049,131,212	145,062,167	1,194,193,379
2002	1,150,347,813	161,367,776	1,311,715,589
2003	1,131,077,726	179,730,086	1,310,807,812
2004	1,178,266,198	177,260,970	1,355,527,168
2005	1,259,301,355	187,029,042	1,446,330,397
2006	1,296,398,319	204,712,608	1,501,110,927
2007	1,392,905,100	213,392,655	1,606,297,755
2008	1,606,004,199	239,757,045	1,845,761,244

Source: Commissioner of the Revenue



CITY OF PETERSBURG, VIRGINIA

Table 8

Property Tax Rates
Last Ten Fiscal Years

Fiscal Years Ending June 30,	Real Estate	Business and Individuals	Machinery and Tools	Mobile Homes
1999	\$ 1.43	\$ 4.30	\$ 3.80	\$ 1.43
2000	1.43	4.30	3.80	1.43
2001	1.41	4.30	3.80	1.41
2002	1.41	4.30	3.80	1.41
2003	1.41	4.30	3.80	1.41
2004	1.41	4.30	3.80	1.41
2005	1.38	4.30	3.80	1.38
2006	1.35	4.30	3.80	1.35
2007	1.35	4.40	3.80	1.35
2008	1.35	4.40	3.80	1.35

Source - Commissioner of the Revenue

CITY OF PETERSBURG, VIRGINIA

Table 9

Principal Business Taxpayers
Current Year and Nine Years Ago

Taxpayer	2008				1999					
	Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	Percentage of Total Assessed Valuation	Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	Percentage of Total Assessed Valuation
Petersburg Hospital Co LLC	\$ 106,822,000	\$ 6,456,938	\$ 113,278,938	1	7.55%	\$ -	\$ -	\$ -	-	-
B. I. Chemicals	29,751,900	65,760,462	95,512,362	2	6.36%	10,304,500	14,746,798	25,051,298	3	1.99%
Virginia Power	38,710,441	71,962	38,782,403	3	2.58%	37,911,049	845,976	38,757,025	1	3.07%
Brenco Properties	18,383,100	12,182,545	30,565,645	4	2.04%	11,199,700	13,478,042	24,677,742	4	1.96%
Verizon Virginia Inc.	15,223,145	3,632	15,226,777	6	1.01%	-	-	-	-	0.00%
Georgetown Square Associates	15,386,000	13,737	15,399,737	5	1.03%	10,377,600	53,716	10,431,316	6	0.83%
Wal-Mart	9,587,800	2,422,287	12,010,087	7	0.80%	-	-	-	-	0.00%
Inland Paperboard & Packing Company	6,095,600	4,455,869	10,551,469	8	0.70%	4,416,800	2,385,359	6,802,159	9	0.54%
CNL Retirement DAS Fetersburg Va LP	9,494,900	622,503	10,117,403	9	0.67%	-	-	-	-	0.00%
Columbia Gas of Virginia, Inc.	9,854,791	3,196	9,857,987	10	0.66%	-	-	-	-	0.00%
Titmus Optical Company	-	-	-	-	-	5,601,500	2,445,659	8,047,159	8	0.64%
Lee-Howard Partnership II	-	-	-	-	-	8,234,100	7,840	8,241,940	7	0.65%
Bell Atlantic Virginia	-	-	-	-	-	31,630,863	16,929	31,647,792	2	2.51%
Commonwealth Gas Services	-	-	-	-	-	11,220,098	584,404	11,804,502	5	0.94%
Norfolk & Western Railway	-	-	-	-	-	6,281,223	-	6,281,223	10	0.50%
Total	259,309,677	91,993,151	351,302,828		23.40%	137,177,433	34,564,723	171,742,156		11.44%

Source: Commissioner of the Revenue

CITY OF PETERSBURG, VIRGINIA

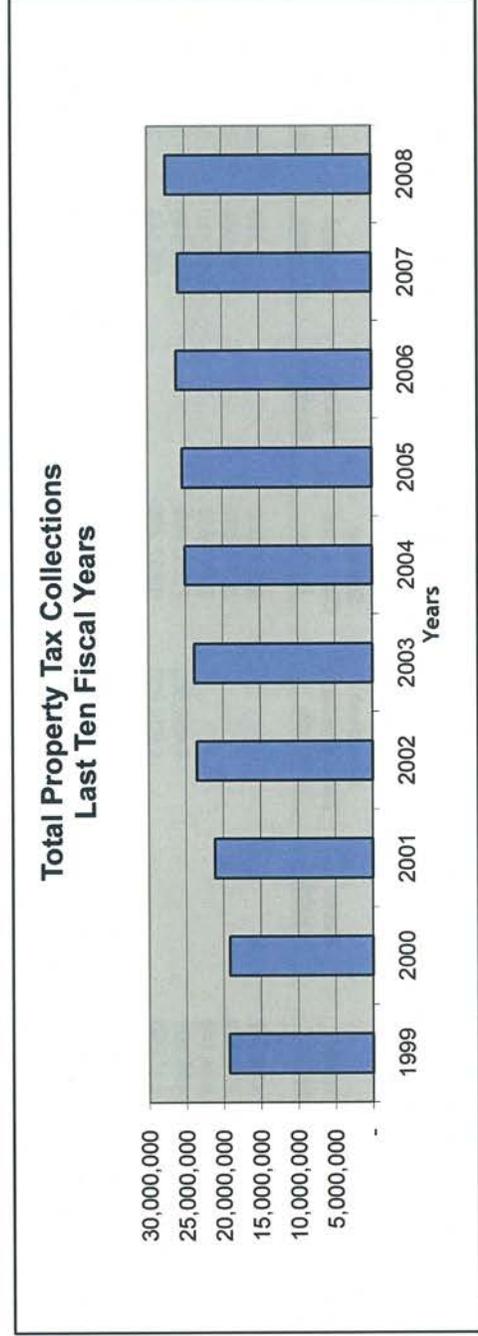
Table 10

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1999	19,727,669	17,016,620	86.26%	2,216,667	19,233,287	97.49%	1,671,018	8.47%
2000	20,698,022	17,126,175	82.74%	2,012,546	19,138,721	92.47%	1,772,831	8.57%
2001	20,759,561	19,136,969	92.18%	1,987,193	21,124,162	101.76%	1,798,156	8.66%
2002	22,821,354	21,842,981	95.71%	1,696,505	23,539,486	103.15%	2,754,995	12.07%
2003	23,264,637	21,789,524	93.66%	2,037,769	23,827,293	102.42%	2,580,732	11.09%
2004	23,882,224	23,153,198	96.95%	1,866,204	25,019,402	104.76%	2,462,654	10.31%
2005	25,050,533	23,334,254	93.15%	2,034,022	25,368,276	101.27%	2,307,435	9.21%
2006	26,220,677	24,386,327	93.00%	1,774,828	26,161,155	99.77%	3,430,426	13.08%
2007	28,840,021	22,205,218	76.99%	3,691,567	25,896,785	89.79%	3,621,688	12.56%
2008	28,468,895	26,388,079	92.69%	1,139,260	27,527,339	96.69%	4,277,626	15.03%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.



CITY OF PETERSBURG, VIRGINIA

Table 11

Ratios of Outstanding Obligations by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Population (1)	Net Obligations per Capita
	General Obligation Bonds	State Literary Loans	Capital Leases	Notes Payable	School Qualified Zone Academy Bonds	General Obligation Bonds	Notes Payable	Capital Leases	Total Primary Government				
1999	18,550,048	3,145	2,414,577	-	-	9,030,000	-	425,756	30,423,526	37,027	822		
2000	17,975,048	6,265,517	2,272,524	-	-	8,285,000	-	292,086	35,090,175	37,027	948		
2001	17,083,015	7,500,000	1,696,146	-	-	7,797,033	-	168,180	34,244,374	33,740	1,015		
2002	16,194,245	8,125,000	446,901	-	-	7,240,803	-	123,146	33,530,095	33,740	994		
2003	15,272,793	7,700,000	231,093	-	1,400,000	6,652,255	-	65,144	31,851,285	33,740	944		
2004	16,113,660	7,275,000	64,348	-	3,965,365	6,161,388	-	180,008	33,759,769	33,740	1,001		
2005	15,335,974	6,850,000	1,108,112	350,000	5,283,585	5,544,075	-	436,237	34,907,983	33,740	1,035		
2006	15,036,650	6,425,000	1,532,295	5,732,712	4,979,022	4,823,338	-	541,694	39,070,711	33,740	1,158		
2007	13,985,722	6,000,000	1,414,458	9,256,116	5,781,680	4,092,568	-	510,243	41,040,787	33,740	1,216		
2008	12,694,013	5,575,000	1,277,585	13,861,087	5,403,228	3,600,988	4,000,000	650,086	47,061,987	33,740	1,395		

(1) United States Census

CITY OF PETERSBURG, VIRGINIA

Table 12

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

Fiscal Year Ended June 30,	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt	Debt Payable From Enterprise Fund Revenues	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
1999	37,027	\$ 1,260,999,481	\$ 27,580,048	\$ 9,030,000	\$ 18,550,048	1.47%	\$ 501
2000	37,027	1,227,709,887	26,260,048	8,285,000	17,975,048	1.46%	485
2001	33,740	1,194,193,379	32,117,548	7,534,533	24,583,015	2.06%	729
2002	33,740	1,311,715,589	31,332,548	7,013,303	24,319,245	1.85%	721
2003	33,740	1,355,527,168	29,432,548	6,652,255	22,780,293	1.68%	675
2004	33,740	1,446,330,397	29,550,048	6,161,388	23,388,660	1.62%	693
2005	33,740	1,501,110,927	27,730,049	5,544,075	22,185,974	1.48%	658
2006	33,740	1,501,110,927	26,284,988	4,823,338	21,461,650	1.43%	636
2007	33,740	1,606,297,755	23,859,971	4,092,568	19,767,403	1.23%	586
2008	33,740	1,845,761,244	21,698,229	3,600,988	18,097,241	0.98%	536

(1) United States Census

(2) From Table 7

CITY OF PETERSBURG, VIRGINIA

Table 13

**Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin
Fiscal Year Ended June 30, 2008**

Net bonded debt (1)	\$	18,097,241
Percentage applicable to government		100%
Amount applicable to government	\$	18,097,241
The City of Petersburg has no overlapping debt.		
Total assessed value of real estate	\$	1,606,004,199
10% legal debt limit	\$	160,600,420
Total outstanding debt (2)	\$	45,134,316

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

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

(1) Includes general obligation bonded debt

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

CITY OF PETERSBURG, VIRGINIA

Table 14

Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenues and Other Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
Public Utility Fund:						
2003	\$ 6,255,765	\$ 4,718,896	\$ 1,536,869	\$ 588,548	\$ 361,020	161.85%
2004	6,329,089	6,209,779	119,310	625,867	333,947	12.43%
2005	6,391,549	5,947,644	443,905	969,152	359,294	33.42%
2006	6,263,961	5,968,512	295,449	720,737	190,442	32.42%
2007	6,540,056	6,050,531	489,525	730,770	192,066	53.05%
2008	9,248,035	7,025,763	2,222,272	491,580	213,459	315.20%
Golf Course Fund:						
2008	188,080	441,306	(253,226)	-	150,819	-167.90%

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

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

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

Demographic Statistics

Fiscal Year	Registered Voters	School Enrollment	Unemployment Rate	Population (1)
1999	16,400	6,717	n/a	37,027
2000	16,400	5,961	n/a	37,027
2001	17,379	5,961	6.30%	33,740
2002	18,330	5,961	8.30%	33,740
2003	17,667	5,200	8.00%	33,740
2004	18,096	5,190	10.10%	33,740
2005	18,096	5,034	7.10%	33,740
2006	18,027	4,854	6.60%	33,740
2007	17,485	4,726	6.00%	33,740
2008	18,403	4,592	7.70%	33,740

Census Statistics

	Population			Per Capita Income	Median Household Income
	Under 18	18 & over	Total		
1960	13,013	23,737	36,750	\$ 1,469	\$ 5,510
1970	12,548	23,555	36,103	2,544	7,815
1980	11,432	26,623	38,055	7,490	13,940
1990	8,938	29,447	38,385	10,547	21,309
2000	8,469	25,271	33,740	15,989	25,248

(1) United States Census

CITY OF PETERSBURG, VIRGINIA

Table 16

Major Private Employers

Current Year and Nine Years Ago

Company	Description of Business	Approximate Employment		Percentage of Total City Employment
		Current	Nine Years Ago	
Southside Regional Medical Center	Hospital medical services	1450-1500	1450-1500	9.41%
Wal-Mart	Retail sales	350-400	350-400	2.39%
Brenco, Inc.	Tapered roller bearings	300-350	650-700	2.07%
B. I. Chemicals	Pharmaceuticals	250-300	150-200	1.75%
H.C.A. Poplars Springs Hospital	Medical services	200-250	150-200	1.44%
Virginia Linen	Linen rental services	200-250	150-200	1.44%
Titmus Optical Company	Eyeglass lenses and frames	150-200	250-300	1.12%
Virginia T's	T-shirt distribution	150-200	100-150	1.12%
Ukrops	Grocery store	100-150	-	0.80%
Battlefield Park	Convalescent medical services	100-130	-	0.73%
Walnut Hill Convalescent Center	Convalescent medical services	100-130	-	0.73%
Temple-Inland Corrugated Products	Corrugated products	100-120	100-150	0.70%
Mercury Luggage/Seward	Storage trunks	100-120	-	0.70%
Dominion Virginia Power	Electric utility	100-120	-	0.70%
B. P. Short and Son Paving	Paving contractors	100-120	100-150	0.70%

Total City employment per 2000 census per Virginia Employment Commission:

People who live and work in the area

In-commuters

Total City employment

5,197
10,474
<u>15,671</u>

CITY OF PETERSBURG, VIRGINIA

Table 17

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

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
City:										
Salaried	750	767	698	697	696	696	696	681	686	695
Part-time temporary	175	175	155	271	254	239	239	226	234	252
Public safety:										
Police protection	152	152	152	156	163	143	147	147	147	130
Fire protection	94	94	94	94	92	86	95	94	94	96
Jail facilities	93	93	86	86	86	86	86	87	88	91
School Board:										
Administrative personnel	45	67	67	67	40	41	42	42	54	38
Teachers	446	592	592	592	441	434.5	436	432	429	465
All other personnel	294	308	308	308	367	383.5	378.5	415	403	291
Totals *	1,710	1,909	1,820	1,935	1,798	1,794	1,792	1,796	1,806	1,741

Source: Individual City departments and School Board Annual School Report

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

Operating Indicators by Function
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police protection:										
Law violations	12,949	12,949	4,139	10,170	10,976	9,767	22,223	20,398	19,190	9,666
Traffic violations	8,076	8,076	4,124	9,147	10,327	8,854	6,729	8,207	11,961	8,866
Arrests reported:										
Adults	6,526	6,526	1,285	3,465	4,063	4,712	4,551	4,227	4,428	3,433
Juveniles	827	827	141	221	220	379	377	370	315	232
Calls for service	68,187	68,187	64,092	58,010	69,327	64,357	59,289	61,265	55,193	53,023
Jail facility inmates:										
Jail	192	192	180	188	198	203	193	182	210	213
Jail annex	65	65	81	70	75	70	62	61	28	21
Riverside Regional	n/a	n/a	n/a	139	89	89	89	89	148	61
Community Development:										
Building permits:										
Number issued	1,330	1,281	843	928	879	1,371	904	1,245	1,336	1,444
Valuation	\$ 29,723,643	\$ 24,712,516	\$ 18,399,358	\$ 13,038,358	\$ 10,197,966	\$ 16,826,102	\$ 26,849,246	\$ 44,724,170	\$ 116,953,757	\$ 88,818,121
Public Utilities:										
Number of active consumers	11,958	12,000	10,400	10,400	11,482	11,374	11,395	11,399	10,635	11,028
Water purchased (annually)-gallons	1.851 billion	1.92 billion	1.7 billion	1.7 billion	1.7 billion	1.7 billion	1.7 billion	1.7 billion	1.7 billion	1.64 billion

n/a = not available

Source: Individual City departments.

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fire protection:										
Number of stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets and sidewalks:										
Streets - primary - miles	107	107	107	107	107	107	107	107	107	107
Streets - secondary - miles	281	281	281	281	281	281	281	281	281	281
Sidewalks - miles	72	72	72	72	72	72	72	72	72	72
Street lights	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090
Traffic signals:										
Signalized intersections	57	57	57	57	57	57	57	57	57	57
Lights	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430
Heads	467	467	467	467	467	467	467	467	467	467
Curbs	39	39	39	39	39	39	39	39	39	39
School signals (flashing lights)	11	11	11	11	11	11	11	11	11	11
Other signals (flashing lights)	4	4	4	4	4	4	4	4	4	4
Caution flashing lights	17	17	17	17	17	17	17	17	17	17
Pedestrian signals	54	54	54	54	54	54	54	54	54	54
Sewers:										
Storm - miles	19	19	19	19	19	19	19	19	19	19
Sanitary - miles	191	191	191	191	191	191	191	191	191	191
Public Utilities:										
Water mains - miles	254	254	254	254	254	254	254	254	254	254
Number of hydrants	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Ground level water storage tanks:										
5.6 million gallons	1	1	1	1	1	1	1	1	1	1
1.3 million gallons	1	1	1	1	1	1	1	1	1	1
1.9 million gallons	1	1	1	1	1	1	1	1	1	1
Elevated water storage tanks:										
.5 million gallons	1	1	1	1	1	1	1	1	1	1
1.0 million gallons	2	2	2	2	2	2	2	2	2	2
Culture and recreation										
Parks and recreation:										
Fishing and picnic area (350 acres)	1	1	1	1	1	1	1	1	1	1
Downtown (12.3 acres)	1	1	1	1	1	1	1	1	1	1
Playground (52.8 acres)	12	12	12	12	12	12	12	12	12	12
Golf course	-	-	-	-	-	-	-	-	-	-
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts (lighted)	14	14	14	14	14	14	14	14	14	14
Recreation centers	3	3	3	3	3	3	3	3	3	3
Ballfields	4	4	4	4	4	4	4	4	4	4
Sports complex	1	1	1	1	1	1	1	1	1	1
Education:										
Schools:										
Senior high school grades 9-12	1	1	1	1	1	1	1	1	1	1
Middle school grades 6-7-8	2	2	2	2	2	2	2	2	2	2
Elementary schools	7	7	7	7	7	7	7	7	7	7

Source: Individual City departments

