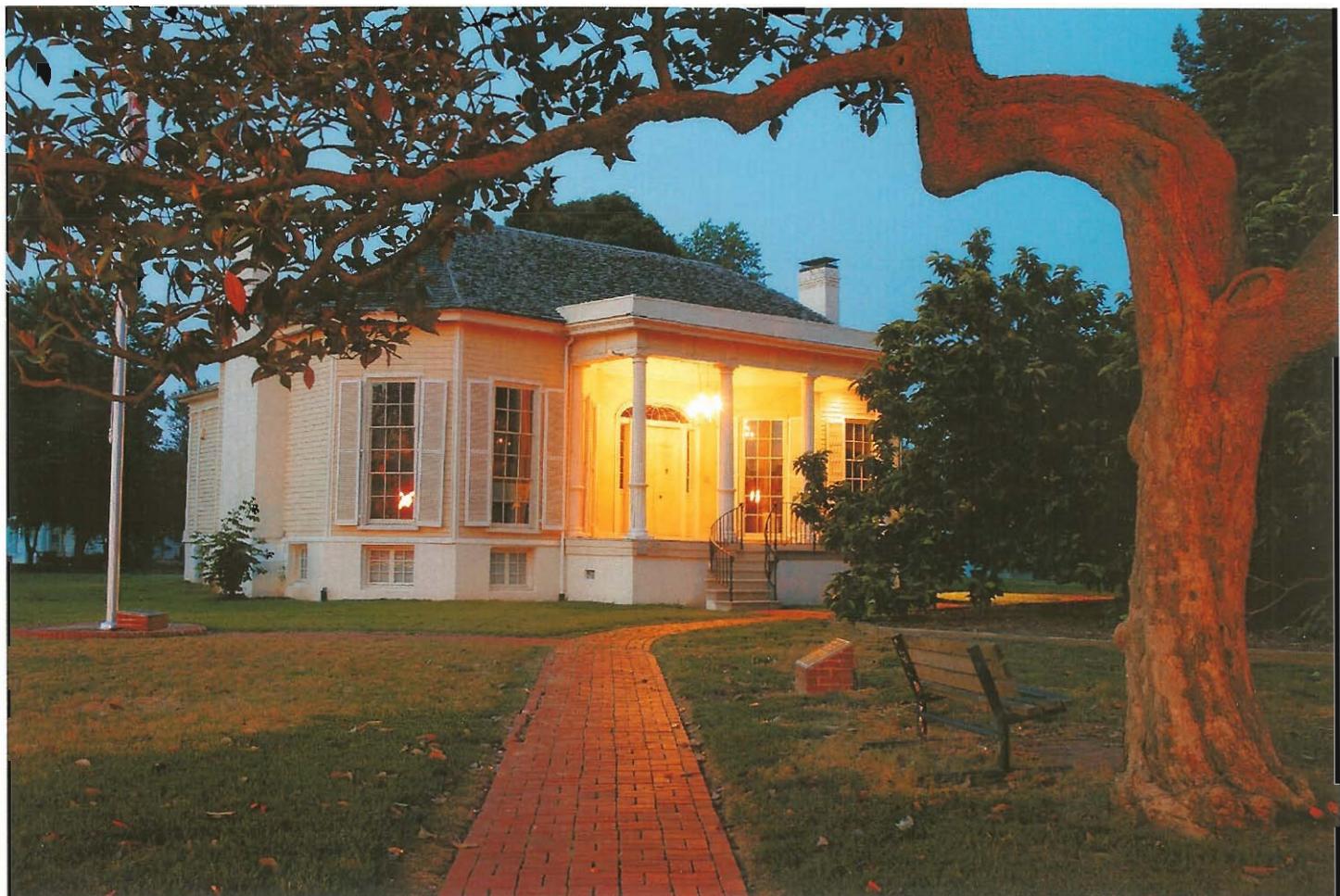


CITY OF COLONIAL HEIGHTS VIRGINIA

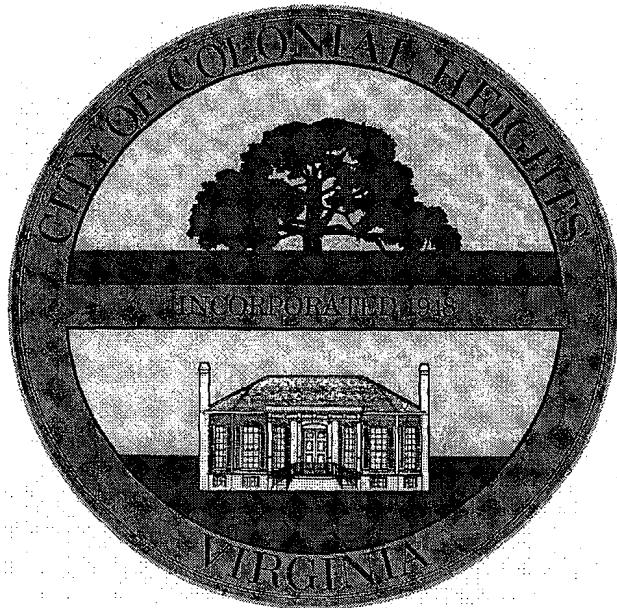


**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
ENDING JUNE 30, 2007**

CITY OF COLONIAL HEIGHTS, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JULY 1, 2006 THROUGH JUNE 30, 2007



Prepared by the Department of Financial Administration

Richard A. Anzolut Jr.
City Manager

William E. Johnson
Director of Finance



**CITY OF COLONIAL HEIGHTS, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Table of Contents

	<u>Page</u>
Title	1
Table of Contents	3
 <u>INTRODUCTORY SECTION</u> 	
Letter of Transmittal	7
Directory of Principal Officials	13
Organizational Chart	14
Certificate of Achievement for Excellence in Financial Reporting	15
 <u>FINANCIAL SECTION</u> 	
Independent Auditors' Report	19
Management's Discussion and Analysis	21
Basic Financial Statements	
<u>Exhibit</u>	
Government-wide Financial Statements	
Statement of Net Assets	A
Statement of Activities	B
Fund Financial Statements	
 Government Funds Financial Statements	
Balance Sheet	C
Statement of Revenues, Expenditures and Changes in Fund Balances	D
 Proprietary Funds Financial Statements	
Statement of Net Assets	E
Statement of Revenues, Expenses and Changes in Fund Net Assets	F
Statement of Cash Flows	G
 Notes to The Financial Statements	42
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	H
Supplementary Information	
Primary Government Combining Statements and Schedules	
Schedule of Revenues, Resources, Expenditures, Contract Commitments & Unobligated Balance (Project Basis)	I
Schedule of Bonds, Leases, and Other Long-Term Liabilities	J

**CITY OF COLONIAL HEIGHTS, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Table of Contents

	Statement/ Schedule	Page
Capital Assets Used in the Operation of Governmental Funds		
Schedule of Capital Assets by Function and Activity	K	70
School Board Component Unit Fund Statements and Schedules		
Balance Sheet	L	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance	M	72
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N	73
Statement of Assets and Liabilities	O	74
Statement of Changes in Assets and Liabilities	P	75
<u>STATISTICAL SECTION</u>		
Statistical Section Contents		78
Net Assets by Component - Last Four Years	1	79
Changes in Net Assets by Component - Last Four Years	2	80
Fund Balances, Governmental Funds - Last Ten Years	3	82
Changes in Fund Balances, Governmental Funds - Last Ten Years	4	83
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	5	85
Direct and Overlapping Property Tax Rate - Last Ten Calendar Years	6	85
Principal Property Tax Payers	7	86
Property Tax Levies and Collections	8	87
Taxable Sales by Category - Last Ten Calendar Years	9	88
Taxable Sales by Category - Calendar Years 1996 and 2005	10	89
Ratios of Outstanding Debt by Type - Last Ten Years	11	90
Legal Debt Margin Information - Last Ten Years	12	91
Demographic and Economic Statistics	13	92
Principal Employers - Current and Nine Years Ago	14	93
Full Time Employees - Current and Nine Years Ago	15	94
Operating Indictors by Function/Program	16	96

INTRODUCTORY SECTION



This Page Intentionally Blank

December 18, 2007

The Honorable Mayor, Members of City Council
Colonial Heights, Virginia

The Comprehensive Annual Financial Report (CAFR) of the City of Colonial Heights, Virginia (the "City") for the fiscal year ended June 30, 2007, is transmitted herewith. This report was prepared by the Department of Financial Administration, which assumes full responsibility for the accuracy of data, completeness and the fairness of presentation. We believe the data, as presented, is accurate in all material respects, and that it is presented in a manner designed to fairly set forth the financial position and results as measured by the financial activity of its various governmental activities, business-type activities and funds. All disclosures necessary for a reader to fully understand the City's financial affairs have been included.

The basic financial statements consist of government-wide and fund financial statements, notes to the basic financial statements and required supplementary information. The Statistical Section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with provisions of the *Single Audit Act Amendment of 1996* and the U.S. Office of Management and Budget's Circular A-133 (*Audits of States, Local Governments, and Non-Profit Organizations*). The Schedule of Expenditures of Federal Awards and the independent auditors' reports on internal controls and compliance with applicable laws and regulations has been issued in a separate document.

The financial reporting entity includes all funds of the primary government (i.e. the City of Colonial Heights as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The primary government provides a full range of services including general administration, public safety, public works, recreational activities, judicial functions, health and welfare activities, and community development activities.

Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from the primary government. The School Board of the City of Colonial Heights is reported as a discretely presented component unit.

Additional information on the City's financial status can be found in the Management's Discussion and Analysis section of this report.

Economic Condition and Outlook

The City, with a land area of 8.14 square miles, is located in southeastern Virginia. The City is strategically located on Interstate 95 near its intersection with interstates, I85 and I64, thus giving the City access to the East Coast's major markets.

The City is less than 20 miles south of Virginia's state capital, Richmond, and 120 miles south of the nation's capital, Washington, D.C. The City of Petersburg lies just across the Appomattox River which bisects the two cities, with Colonial Heights on the north bank. Richmond's deepwater terminal is approximately 15 miles north and the ports at Hampton Roads are some 80 miles to the southeast.

The population of the City is estimated at 17,676 as projected by the Virginia Employment Commission. The City is part of the Richmond Tri-Cities Metropolitan Statistical Area and as such has immediate access to the area's dynamic business complex. Richmond is a center for manufacturing, distribution and trade. State and Federal offices are located in Richmond and the area houses numerous corporate headquarters.

In the immediate Tri-Cities area (Petersburg, Colonial Heights and Hopewell), government continues to be a major employer. Government facilities include Central State Hospital, Southside Virginia Training Center, Richard Bland College, and the United States Army Quartermaster Center and Fort Lee.

The City has a civilian labor force of 9,450 and an unemployment rate of 3.3%. The surrounding labor pool consists of tens of thousands of workers representing the entire spectrum of occupational groups and training opportunities in the area are abundant.

The City's goal is to promote development and expansion of a diversified business base to enhance the quality and standard of living through expanded job opportunities and tax base.

The City has seen 2.4 million square feet of retail, office and service industry development in the City's regionally based commercial center area known as "Southpark". Beginning with the opening of the area's only regional mall in 1989, the area has become a Mecca for giant retailers, specialty retailers and office seekers. The City currently has two additional hotels and a restaurant under construction. The area continues to expand with new developments as demonstrated by the completion of a 16-screen stadium style seating movie theater and the two planned expansions of existing big box stores. Transportation access and diversity have been two key elements of the area's sustained success. The City's older retail areas along the US1/301 corridor continue to benefit from the increased exposure of the City's regional emphasis.

The City's Capital Improvement Program is centered around infrastructure improvements

to update or expand the current services. Other major projects include the renovation and expansion of the current courts building, and the replacement and improvement of infrastructure.

The closure of the former landfill has been completed and approved by the Virginia Department of Waste Management. This has opened up additional land for development in the Southpark commercial center.

The City has endured the past economic challenges by maintaining a good local tax base that softened the effects of the Commonwealth's budget and economic cutbacks. This year's financial operations continued all of current services and expanded the replacement of Capital items. The City will continue to adhere to a conservative budget in order to keep existing programs funded and salaries of public employees competitive while dealing with budgetary challenges.

Accounting System and Budgetary Controls

In developing and refining the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, not absolute, assurance regarding (a) the safeguarding of assets against loss from unauthorized use or disposition and (b) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (a) the cost of a control should not exceed the benefits likely to be derived and (b) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the department line-item level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of line item balances are not released until funds are appropriated or transferred to the specific line item. Open encumbrances are recorded as reservation of fund balances at June 30, 2007.

As required by law, each year the City Manager submits to City Council a recommended budget for the fiscal year beginning July 1. After an extensive budget study process and a public hearing to receive citizen input, City Council makes its decision on the adopted budget.

City of Colonial Heights Pension Plan

The City contributes to the Virginia Retirement System, an agent and cost-sharing multiple-employer defined benefit pension plan, which covers all City employees.

Capital Financing and Debt Service

The City's Financial Management policies were adopted by City Council in 1995 and formally reviewed in 1999 and 2003. Included in these policies are the following debt guidelines: General Fund supported long-term debt will not exceed 4% of assessed value of real estate, General Fund supported long-term debt will not exceed 10% of governmental fund expenditures, and minimum amortization of General Fund supported long-term debt will be 50% within 10 years. The City monitors these ratios to ensure ongoing compliance with the debt policy.

The Constitution of Virginia establishes a debt limit for Virginia cities of 10% of the assessed value of real estate. The City of Colonial Heights could incur debt in the amount of \$140,653,077, but has currently utilized 13.73 % of its debt obligatory capacity.

Long-term liabilities, excluding notes payable, compensated absences, retirement incentive programs and environmental liabilities, for all funds of the primary government as of June 30, 2007, totaled \$19,320,000, of which \$2,579,389 for Enterprise Fund purposes is considered self-supporting and shown only as a liability of the respective fund.

The City's bonds were maintained by all three rating agencies These ratings are:

Moody's Investors Service	Standard & Poor's	Fitch Investors Service, Inc
A1	AA-	AA-

The City annually develops a Capital Improvements Program. Submitted projects are evaluated on a rating system using eleven criteria for funding recommendation. This annual rating by administrative staff is evaluated and approved by the City's Planning Commission and submitted to the governing body for future funding consideration. This list is used to allocate future bond and pay-as-you funding by the City.

Cash Management

The City follows the pooled cash concept, which maximizes investment flexibility, providing the best possible investment return. Cash temporarily idle during the year is invested in instruments as allowed by the *Code of Virginia*, Chapter 3, Title 26, and in accordance with the City's investment policy. The objectives of this policy are to assure safety and repayment of principal, provide flexibility to meet cash requirements, accomplish the maximum investment of all available funds and allow the City to obtain the highest competitive yield on investments.

Risk Management

The City established an Insurance and Risk Management department in 1987. This

department has expanded its original scope from the reduction of risk through adequate insurance to include the ongoing training of personnel and the reduction of hazards in the workplace.

Certificates of Achievement for Excellence

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Colonial Heights, Virginia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 27 consecutive years (fiscal years ended 1980 through 2006). We believe our current report conforms to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for consideration.

Acknowledgments

We would like to express our appreciation to the staff of the Department of Finance for their dedication in assuring the financial integrity of the City and the preparation of this report. Appreciation is also expressed to City Council for your interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

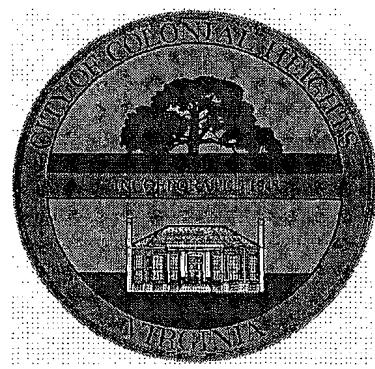
Respectfully submitted,



Richard A. Anzolut, Jr.
City Manager



William E. Johnson
Director of Finance



This Page Intentionally Blank

CITY OF COLONIAL HEIGHTS, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS

CITY COUNCIL

JOHN T. WOOD
MAYOR

DAVID A. SALOT
VICE MAYOR

PATRICIA L. COX

C. SCOTT DAVIS

MILTON E. FREELAND, JR.

T. GREGORY KOCHUBA

BETSY G. LUCK

RICHARD A. ANZOLUT JR., CITY MANAGER

HUGH P. FISHER, III, CITY ATTORNEY

KIMBERLY P. ROLLINSON, CITY CLERK

WILLIAM E. JOHNSON, DIRECTOR OF FINANCE

JEFFREY W. FARIES, CHIEF OF POLICE

WILLIAM E. HENLEY, DIRECTOR OF PUBLIC WORKS

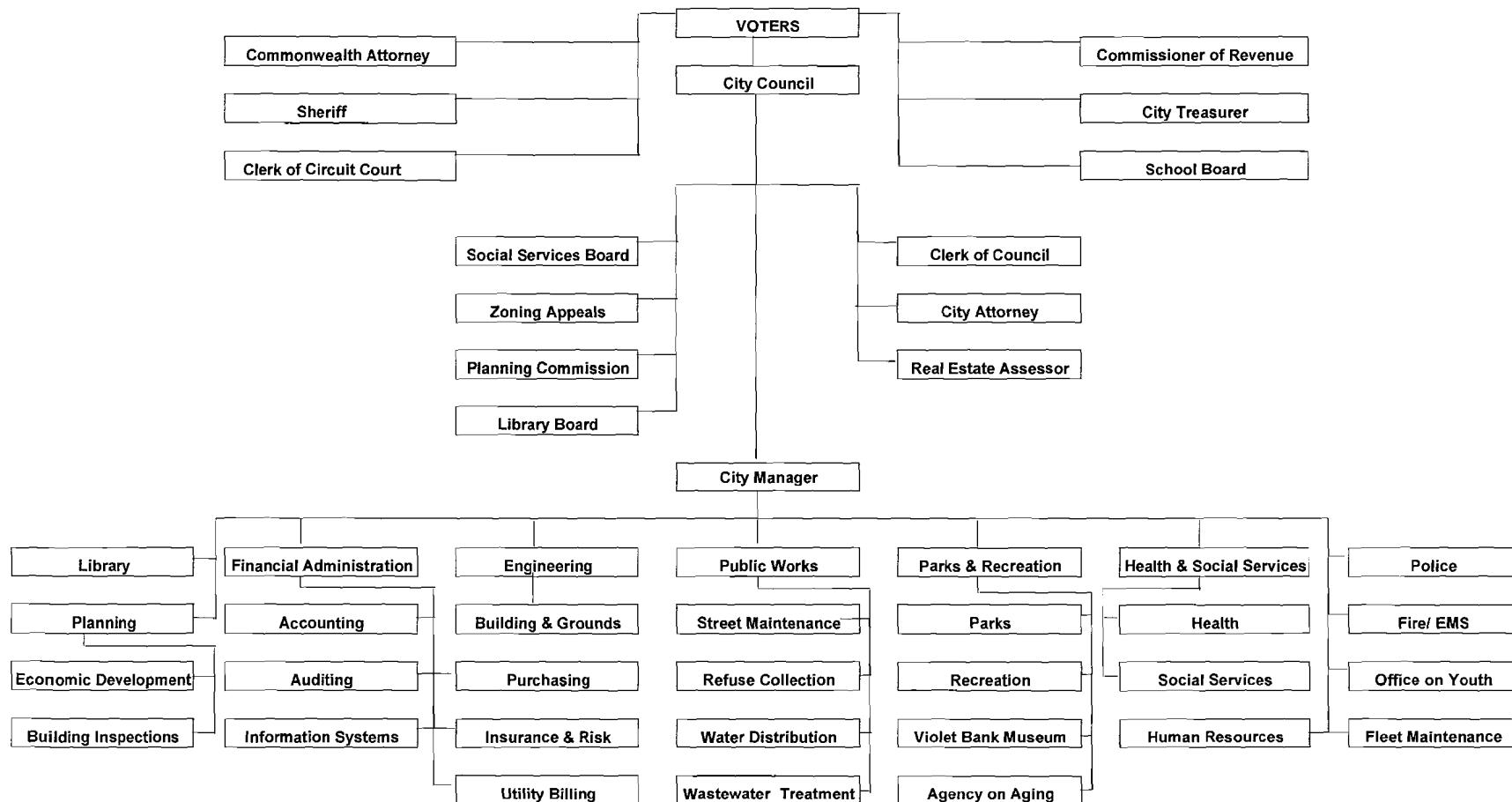
SEAN E. GLEASON, DIRECTOR OF RECREATION AND PARKS

BRUCE N. HANSEN, LIBRARY DIRECTOR

DR. JOSEPH O. COX, SUPERINTENDENT OF SCHOOLS

CITY OF COLONIAL HEIGHTS, VIRGINIA ORGANIZATIONAL CHART

14



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Colonial Heights
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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



President

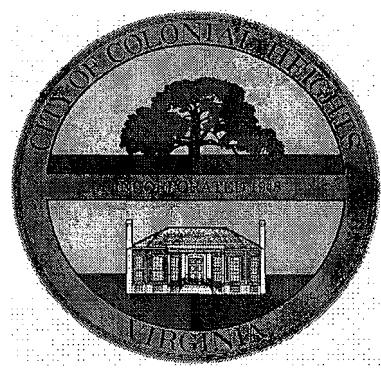


Executive Director



This Page Intentionally Blank

FINANCIAL SECTION



This Page Intentionally Blank



RSM McGladrey Network
An Independently Owned Member

INDEPENDENT AUDITORS' REPORT

To the Honorable Members of City Council
City of Colonial Heights, 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 remaining fund information of the City of Colonial Heights, Virginia (City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the City as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2007 on our consideration of the City's internal control over financial reporting and 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 (pages 21 to 32) and the required supplementary information (pages 63 to 65) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

PBGH, LLP

Harrisonburg, Virginia
December 20, 2007

**CITY OF COLONIAL HEIGHTS, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2007**

The following discussion and analysis of the City of Colonial Heights, Virginia (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2007. It should be read in conjunction with the transmittal letter and the City's basic financial statements.

FINANCIAL HIGHLIGHTS

The City's total net assets, excluding those of its component unit, on the government-wide basis, totaled \$42,060,259 at June 30, 2007. Of this amount, \$10,365,235 may be used to meet ongoing obligations to citizens and creditors, and \$31,695,024 is invested in capital assets, net of related debt.

On a government-wide basis for governmental activities, the City had expenses net of program revenues of \$31,332,218, which totaled \$3,124,742 less than the general revenues of \$34,456,960.

At June 30, 2007, the City's governmental funds balance sheet reported total ending fund balance of \$10,087,740. Of this amount, \$10,036,763 remains in the various governmental funds of the City as unreserved.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. As of the year ended June 30, 2007, the City's financial statements present two types of statements, each with a different snapshot of the City's finances. The focus is on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both short-term and long-term information about the City's overall financial status. The fund financials focus on the individual part of City government, reporting the City's operations in more detail than the government-wide statements, which present a longer-term view. Presentation of both perspectives provides the user a broader overview, enhances the basis for comparisons, and better reflects the City's accountability.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements provide information about the City as a whole using the accrual basis of accounting, which is the method used by most private-sector enterprises. All current year revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid. These statements allow readers to

answer the question, "Is the City's position, as a whole, better or worse as a result of the year's activities?"

One of the main goals of these two statements is to report the City's net assets and changes that affected net assets during the fiscal year. The change in the City's net assets, the difference between assets and liabilities, is one way to measure the City's financial health, or financial position. Increases or decreases in net assets are indicators of whether the City's financial health is improving or declining. Other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's infrastructure should also be considered in assessing the overall financial health of the City.

In the Statement of Net Assets and the Statement of Activities, the City's activity is classified as follows:

Governmental activities - Most of the City's basic services are reported here, including general government, judicial administration, public safety, public works, health and welfare, parks, recreation, and cultural and community development departments. Property taxes, other local taxes, and federal and state grants finance most of these activities.

Business-type activities - The City's water and sewage and solid waste operations are reported here as the City charges a fee to customers designed to cover all of the cost of services it provides.

Component unit - The City includes a discretely presented component unit in this report, the School Board of the City of Colonial Heights. Although legally separate, the component unit is important because the City is financially accountable for it.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. However, the focus is now on the City's most significant funds as well as fund types. The fund financial statements begin on page 33 and provide detailed information about the most significant funds, not the City as a whole. The City has two types of funds:

Governmental funds – Most of the City's basic services are included with the governmental funds. Fund-based statements focus on how resources flow into and out of those funds and the balances left at year-end that are available for future spending. These funds are reported on the modified accrual basis of accounting, which measures cash and other liquid assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term overview that helps the reader determine the financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities as reported in the government-wide and fund financial statements are reconciled in Exhibits C and D on pages 36 and 37.

Proprietary funds – When the City charges customers for services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, utilize the accrual basis of accounting, and their statements provide both short and long-term financial information.

The City's enterprise funds, one type of proprietary fund, is the same as the government-wide, business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The City's enterprise funds are the Water & Sewer fund and Solid Waste fund.

The following table presents a condensed comparison of net assets:

Summary Statement of Net Assets
June 30, 2007 and 2006
(In Millions)

	Governmental Activities		Business-type Activities		Primary Government		Component Unit	
	2007		2006		2007		2006	
	2007	2006	2007	2006	2007	2006	2007	2006
Current and Other Assets	\$22.6	\$22.8	\$1.0	\$1.2	\$23.6	\$24.0	\$5.9	\$5.0
Capital Assets, net	43.2	41.6	11.9	11.8	55.1	53.4	11.1	10.7
Total Assets	65.8	64.4	12.9	13.0	78.7	77.4	17.0	15.7
Other Liabilities	14.3	14.6	.5	.4	14.8	15.0	3.0	2.6
Non current Liabilities	19.4	20.9	2.4	2.6	21.8	23.5	1.5	2.7
Total Liabilities	33.7	35.5	2.9	3.0	36.6	38.5	4.5	5.3
Net Assets								
Invested in Capital Assets,								
Net of related debt	22.5	21.8	9.2	9.0	31.7	30.8	11.1	10.8
Restricted								
Unrestricted (deficit)	9.5	7.1	0.8	1.0	10.3	8.1	1.4	(0.4)
Total Net Assets	\$32.0	\$28.9	\$10.0	\$10.0	\$42.0	\$38.9	\$12.5	\$10.4

The City's combined net assets increased from \$38.9 million to \$42.1 million. Net assets of the Governmental activities increased by \$3.2 million or 10.8%. Governmental activities unrestricted net assets, the portion of net assets that can be used to finance the day-to-day

operations of the City totaled \$9.6 million. Invested in capital assets, net of related depreciation and debt, represents the amount of capital assets owned by the City including infrastructure, net of any outstanding debt used to fund the asset purchase or construction. Net assets are reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or are imposed by law through constitutional provisions or enabling legislation.

The component unit net assets reflect an increase in City support due to the established funding agreement with the School Board. The City agreement provides that the School system receive 50.73% of specified revenues. The increase also reflects increased amounts being established for pay-as-you-go infrastructure maintenance.

The following table presents a condensed comparison of the changes in net assets:

Summary Statement of Changes in Net Assets
For the Fiscal Years Ended June 30, 2007 and 2006
(In Millions)

	Governmental Activities		Business-type Activities		Primary Government		Total Component Unit	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenues								
Program Revenues								
Charges for Services	\$5.3	\$1.4	\$4.9	\$4.6	\$10.2	\$6.0	\$0.5	\$0.6
Operating Grants and Contributions	4.7	4.6			4.7	4.6	14.1	12.3
Capital Grants and Contributions		0.2					0.2	
General Revenues:								
Property Taxes	18.3	16.4			18.3	16.4		
Other Local Taxes	13.7	13.2			13.7	13.2		
Payment from Other Governments							16.7	15.9
Intergovernmental, Non categorical Aid	1.9	4.9			1.9	4.9		
Use of Money and Property	0.7	0.5			0.7	0.5		
Transfer	(0.4)	(0.5)	0.4	0.5			0.3	0.1
Miscellaneous	.3	.3		0.4	0.3	0.7	0.1	0.2
Total Revenues	44.5	41.0	5.3	5.5	49.8	46.5	31.7	29.1
Expenses								
General Government	6.6	6.4			6.6	6.4		
Judicial Administration	3.7	3.6			3.7	3.6		
Public Safety	6.7	6.6			6.7	6.6		
Public Works	3.5	3.7			3.5	3.7		
Health & Welfare	0.9	0.7			0.9	0.7		
Parks, Recreation and Cultural	1.8	2.0			1.8	2.0		
Community Development	0.6	0.4			0.6	0.4		
Education	16.7	15.9			16.7	15.9	29.6	29.0
Interest and Fiscal Charges	0.9	1.0			0.9	1.0		
Water & Sewer			5.3	5.2	5.3	5.2		
Total Expenses	41.4	40.3	5.3	5.2	46.7	45.5	29.6	29.0
Change in Net Assets								
Net Assets, Beginning as restated	3.1	0.7	0.0	0.3	3.1	1.0	2.1	0.1
Net Assets, Ending	28.9	28.2	10.0	9.7	38.9	37.9	10.4	10.3
	\$32.0	\$28.9	\$10.0	\$10.0	\$42.0	\$38.9	\$12.5	\$10.4

The property tax classification, which comprised approximately 41% of total revenue generated by governmental activities, includes real estate tax, the local portion of personal property tax, and public services corporation taxes. Real estate tax revenue, the largest source of revenue for the City totaled \$15.8 million. The assessed value of real property in the City increased 1.9% for the calendar year due to new construction and additions.

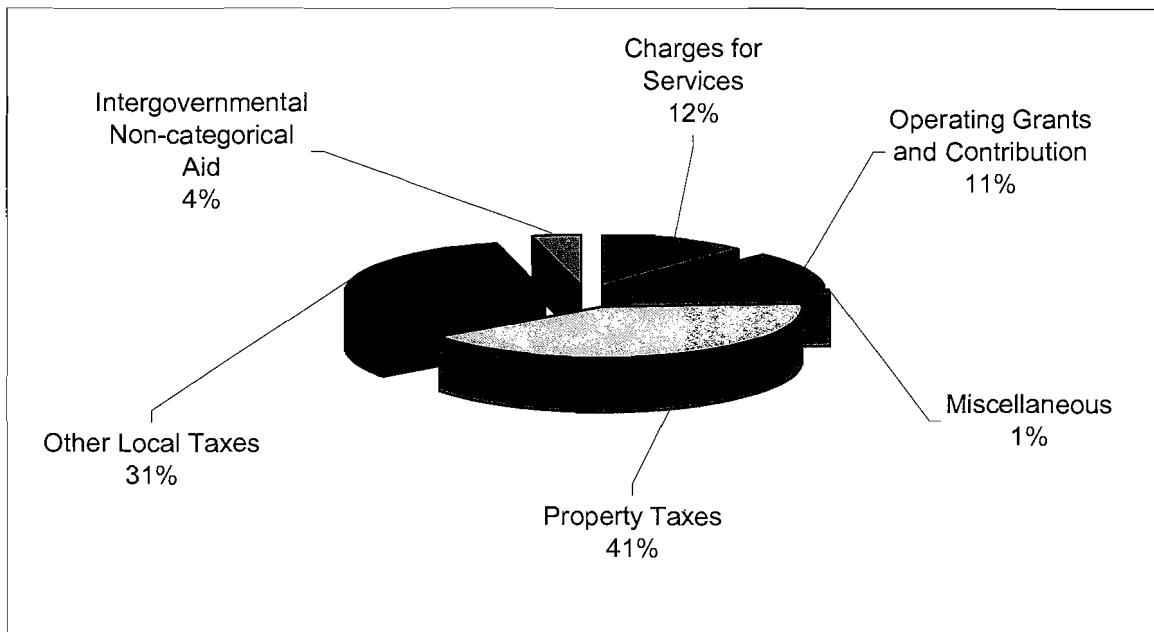
In 1998, the Commonwealth enacted the Personal Property Tax Relief Act. The Commonwealth's share of personal property taxes allocated to the City was 70% for the current fiscal year and is included in the intergovernmental category. Personal property tax revenue, including the Commonwealth share, totaled \$3.89 million. The net assessed value of taxable personal property increased \$2.9 million from 2006 to 2007 after an increase of \$4.55 million from 2005 to 2006. Increased property tax collections reflect increased collection procedures developed by the City Treasurer's Office

Sales taxes, utility taxes, business and professional occupational taxes, prepared food and beverage taxes, transient room taxes, and utility taxes comprise the majority of other local taxes collected by the City. Other taxes comprised approximately 30.5% of total revenues generated for governmental activities.

Operating grants and contributions comprised approximately 10.6% of governmental activities revenues. Street maintenance funds, funding received under House Bill 599 for law enforcement, and reimbursement for shared expenses of the constitutional officers are some of the major sources of revenue included in this category.

Charges for services include items such as EMS transport fees, court fees, inspection fees, reimbursements for housing prisoners, and garbage collection fees. EMS fees were under projected revenues by \$161,000 due to changes in insurance coverage of transported patients.

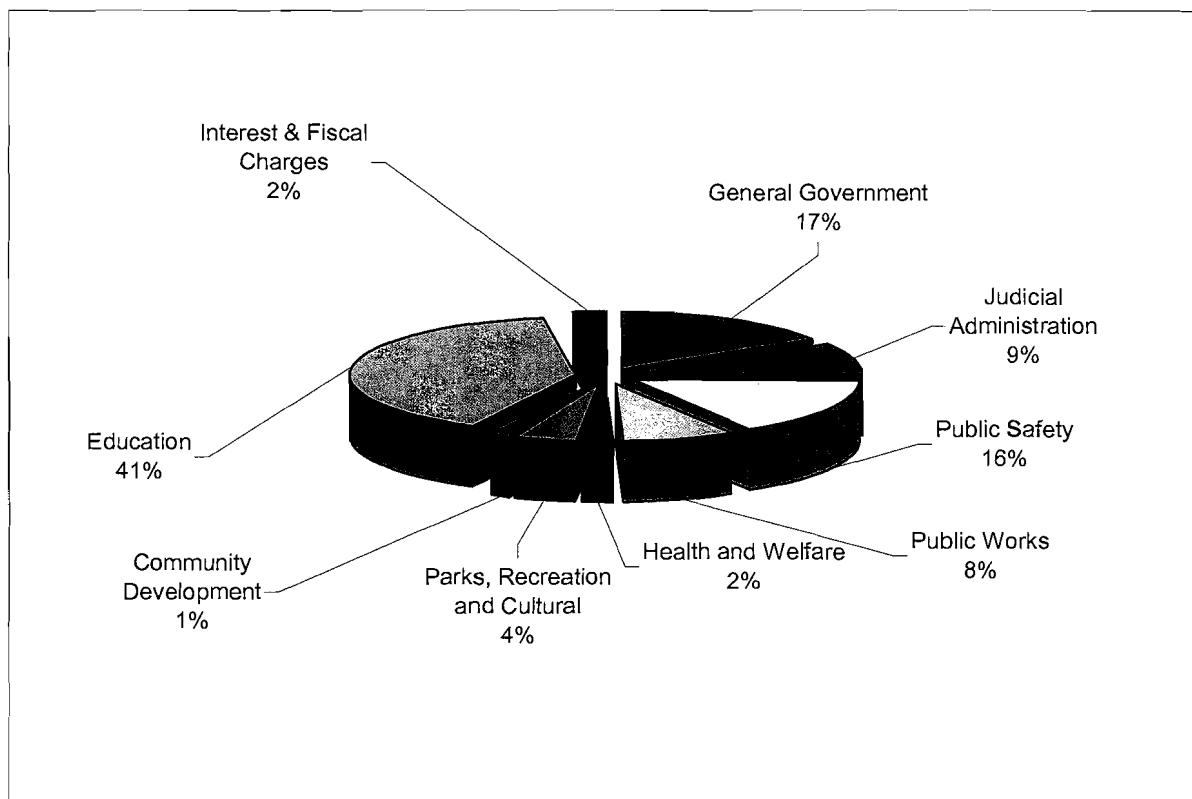
Revenue generated for governmental activities are presented below by category:



Public safety expenses comprised approximately 16.0% of expenses of the governmental activities. Operations of the labor-intensive Police and Fire Departments are included in this category, along with expenses of Emergency Medical Services, and Communications (E911 Call Center). Education expenses comprised 40.5 of governmental activities. Funding established by the current revenue sharing agreement of \$16.7 million was provided to the City of Colonial Heights School Board to support School operations.

Public Works and Health and Welfare expenses comprised approximately 8.4% and 2.2% respectfully, of governmental activities expenses. Expenses for Building Maintenance, Street Paving, and Street Maintenance are included in Public Works category. Solid Waste management previously included in this grouping is not treated as an enterprise fund. The City experienced turnover in key personal positions, which resulted in salary lapse/benefit savings and slowdown of some construction projects which resulted in a higher unexpended balance than traditionally projected. The Comprehensive Services Act and social services programs incurred the majority of expenses reported in the Health and Welfare category.

Expenses of the governmental activities are shown by functional area:



The net assets of business-type activities increased approximately \$29,000 during 2007.

Rate structure was maintained for water and sewer for the third fiscal year. No major changes in operations were experienced.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2007, the governmental funds reflect a total fund balance of \$10,087,740. Approximately \$10.0 million of this amount constitutes unreserved fund balance, which is available for spending services and capital projects. Unreserved fund balance is designated to purchase capital equipment, pay claims, fund future debt service requirements, pay for future years' capital projects expenditures and encumbrances, which indicates that it has already been committed to liquidate contracts and purchase orders outstanding at year-end.

The City elected to account for Solid Waste collection activities as a business-type activity. This included the establishment of a multiyear rate structure increase to bring the operations to be self-sufficient and not be a City supported service.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund unreserved fund balance was \$9,757,773, while the total fund balance was \$9,808,750. 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 approximately 22.2% of the total General Fund expenditures and other financing uses, while total fund balance represents 22.3% of that same amount.

The fund balance of the General Fund was increased by \$1,281,384 during the current fiscal year. The General Fund begins each year with budgeted revenue and expenditure amounts that are equal.

Local taxes generated the majority of General Fund revenue, totaling approximately \$32.3 million in fiscal 2007. Increased current collections of personal property taxes were offset by lesser than estimated collections in Public Services taxes, administrative charges and business licenses.

Intergovernmental revenue is the second largest source of General Fund revenues, generating approximately \$6.6 million in fiscal year 2007. The majority of this revenue is received from the Commonwealth and includes law enforcement funding received under Virginia House Bill 599, and street maintenance funds. This is a \$.38 million increase from fiscal year 2006. Most of the increase came from addition to base street maintenance funds and the funding for three additional positions in the Commonwealth attorneys office.

CAPITAL PROJECTS FUND HIGHLIGHTS

The Capital Projects Fund reflects transfer of \$758,000 in excess unrestricted General Fund Balance for one-time capital project additions and the establishment of an annual transfer of \$150,000 for future replacement of fire apparatus. Project expenditures totaled \$1,975,789 that resulted in a net change in fund balances of (\$1,043,028) for an ending fund balance of \$278,990. \$10,000,000 in authorized but unissued General Obligation Bonds resulted in appropriations for the expansion/renovation of an elementary school and road projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues exceeded the original budgeted revenues by \$1,523,491 and final budgeted revenues by \$949,373 or 2.1 %. This was due to the return of a healthy local economy as reflected by strong increases in real estate assessments, local sales, and food tax revenues. EMS transport fees were below projections, due to changes in percentages of customer with third party insurances. Changes in budget estimates and collection procedures have been modified in the current fiscal year.

General Fund expenditures and transfers were less than the original budget by \$47,800, and were under the final, amended budget by \$1,141,667 or 2.5%. During fiscal year 2007, City Council amended the budget several times for increases to fund one-time capital projects from excess General Fund Balance reserves, the awarding of donations and receipt of operational grants. Higher than normal employee turnover resulted in unexpended personal and fringe benefits savings. Budgetary numbers also include equipment purchases authorized but not completed until the 2008 fiscal year

CAPITAL ASSETS

As of June 30, 2007, the City's capital assets for its governmental and business-type activities amounted to \$55,090,483 (net of accumulated depreciation). This investment includes land, construction in progress, land improvements, buildings and structures, equipment and infrastructure. The total net increase (additions less retirements and depreciation) in the City's investment in capital assets for the current fiscal year was \$1,667,754 or 3.1%.

**Summary Statement of
Capital Assets, Net of Accumulated Depreciation
June 30, 2007 and 2006
(In Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$4.6	\$4.6	\$0.1	\$0.1	\$4.7	\$4.7
Construction in Process	2.3	3.2		0.1	2.3	3.3
Building and Structures	14.7	12.2	2.1	2.2	16.8	14.4
Infrastructure	17.0	17.0	8.9	8.8	25.9	25.8
Equipment	4.6	4.6	0.8	0.6	5.4	5.2
Total	<u>\$43.2</u>	<u>\$41.6</u>	<u>\$11.9</u>	<u>\$11.8</u>	<u>\$55.1</u>	<u>\$53.4</u>

The changes in each category of Capital Assets are presented in detail in note 8 to the Basic Financial Statements.

Major capital asset events during the fiscal year included the following:

Local share of additional Interstate Highway (I-95) entrance ramp.

Storm drainage and road improvements southern end of City.

Sanitary sewer rehabilitation projects.

LONG-TERM DEBT

At June 30, 2007, the City's long-term liabilities, not including compensated absences, totaled \$23,395,459 consisting of \$20,710,912 related to governmental activities, and \$2,684,547 related to business-type activities. This amount decreased by \$1,847,587 during the fiscal year, as a result of normal debt retirement.

The City maintained ratings of AA-, AA- and A1 from Fitch Investors Service Inc., Standard & Poor's Rating Service and Moody's Investor Service, respectfully.

The Charter of the City, and *Code of Virginia* limits the City's net debt to 10% of the assessed valuation of real estate. The City's entity-wide debt of \$19,320,000 is below the legal debt limit of \$140,653,077.

The School Board Component Unit relies upon the City to provide full faith and credit for any debt obligations incurred. Therefore, the City reports School Board Component Unit long-term liabilities, other than compensated absences, as its own. In addition to bonded debt, the City's long-term obligations include compensated absences. Additional information concerning the City's long-term liabilities is presented in note 9 to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The unemployment rate for the City at June 30, 2007 was 3.3 percent, which is consistent with June 30, 2006. This is .1 percent above the state average of 3.2 percent and compares favorably with the national average unemployment rate of 4.7 percent.

The City had a population of 16,901, according to the 2000 census, an increase of 837 since the 1990 census. Current estimation of the City's population by the Virginia Employment Commission is 17,676.

Primary revenue sources for the City's General Fund are property taxes, sales taxes, business and occupational licenses, meal taxes, and state revenues. In establishing the budget, historical and trend data are analyzed. In addition economic indicators and the impact the economy will have on the historical data is taken into consideration. Throughout the year, management monitors revenues and economic indicators to determine if they are on target with the analysis used to develop the budget.

To ensure that the City maintains a competitive compensation package to retain high-performing employees, a 4% across-the-board salary and a 3% merit increase for all employees was adopted as part of fiscal 2007 budget. Additional contributions to cover cost of employee health and dental insurance were also adopted. The adopted fiscal 2008 General Fund budget increased \$2,676,549 over 2007 amounts to maintain current service in the community.

The Governmental Accounting Standards Board has issued GASB 43 – Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans and GASB 45 – Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions. These two statements require local governments to report the liability associated with OPEB. The statement does not require that the local government fund the OPEB obligation. The City will have to record this liability beginning with the Fiscal Year 2008 CAFR. The City is working with an actuary firm and based on the current plan structures of both City and School plans, anticipate a total actuarial accrued liability of \$10,947,217 and an annual required contribution of \$958,112. This represents \$2,366,771 for the City and \$8,580,446 for the Schools in regard to the total actuarial accrued liability and \$242,576 to the City and \$715,536 to the Schools for the annual required contribution. If the City funded this liability with a \$187,723 annual

required contribution in the first year for the City and a \$586,783 annual required contribution in the first year for the Schools, the actuarial accrued liability would be reduced to \$1,674,280 for the City and \$6,240,595 for the Schools. The City is currently exploring various options including funding, eligibility, plan design, and cost sharing in an effort to mitigate these initial estimated liability figures.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional information should be directed to the Director of Finance, P.O. Box 3401, Colonial Heights, Virginia 23834, telephone (804) 520-9332. The City's website address is www.colonial-heights.com.

Exhibit A

CITY OF COLONIAL HEIGHTS, VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2007

	Primary Government			Component Unit School Board
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash & Investments	\$8,933,520	\$179,753	\$9,113,273	\$4,162,536
Receivables - Net	10,987,305	840,926	11,828,231	226,648
Due from Primary Government				1,430,394
Due from Other Governments	2,491,686	49,710	2,541,396	37,982
Inventories	50,977		50,977	654
Other Assets	8,279		8,279	
Deferred Bond Costs, net of Accumulated Amortization	74,684		74,684	
Capital Assets not Being Depreciated				
Land	4,673,594	136,300	4,809,894	1,090,102
Construction in Process	2,252,793		2,252,793	
Capital Assets - Net				
Building and Structures	14,690,617	2,087,424	16,778,041	8,982,516
Land Improvements		10,955	10,955	
Equipment	4,684,445	769,269	5,453,714	1,037,440
Infrastructure	16,926,677	8,858,409	25,785,086	
Total Assets	<u>65,774,577</u>	<u>12,932,746</u>	<u>78,707,323</u>	<u>16,968,272</u>
Liabilities				
Accounts Payable	920,881	107,989	1,028,870	221,251
Accrued Interest	230,975	8,151	239,126	
Accrued Liabilities	673,974	39,729	713,703	2,674,795
Unearned Revenue	9,752,850		9,752,850	23,318
Internal Balances	175,814	(175,814)		
Due to Component Unit	226,648		226,648	
Deposits Payable	76,352	90,118	166,470	
Due to Other Governments		137,285	137,285	
Debt Obligations Due Within One Year	2,274,151	334,266	2,608,417	72,727
Non current Liabilities				
Debt Obligations	<u>19,371,026</u>	<u>2,402,669</u>	<u>21,773,695</u>	<u>1,476,005</u>
Total Liabilities	<u>33,702,671</u>	<u>2,944,393</u>	<u>36,647,064</u>	<u>4,468,096</u>
Net Assets				
Invested in Capital Assets - Net of Related Debt	22,517,214	9,177,810	31,695,024	11,110,058
Unrestricted	<u>9,554,692</u>	<u>810,543</u>	<u>10,365,235</u>	<u>1,390,118</u>
Total Net Assets	<u><u>\$32,071,906</u></u>	<u><u>\$9,988,353</u></u>	<u><u>\$42,060,259</u></u>	<u><u>\$12,500,176</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF COLONIAL HEIGHTS, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities			
General Government	\$6,631,282	\$3,072,093	\$1,041,140
Judicial Administration	3,758,743	490,709	785,637
Public Safety	6,603,707	1,257,231	973,157
Public Works	3,488,051	248,797	1,932,519
Health & Welfare	905,641		
Parks, Recreation and Cultural	1,755,411	234,477	
Community Development	575,426		
Education	16,738,367		
Interest	911,350		
Total Governmental Activities	<u>41,367,978</u>	<u>5,303,307</u>	<u>4,732,453</u>
Business-Type Activities:			
Water & Sewer	3,962,952	3,842,186	
Solid Waste	1,292,339	1,042,343	
Total Business-Type Activities	<u>5,255,291</u>	<u>4,884,529</u>	
Total Primary Government	<u>\$46,623,269</u>	<u>\$10,187,836</u>	<u>\$4,732,453</u>
Component Unit:			
Colonial Heights Public Schools	<u>\$29,636,769</u>	<u>\$563,298</u>	<u>\$14,065,197</u>

General Revenues:

Taxes:

 Real Estate and Personal Property Taxes
 Sales Tax, Food Tax and Other Local Taxes

Payments from City of Colonial Heights

Intergovernmental, Non-categorical Aid
Use of Money and Property
Miscellaneous

Transfers

 Total General Revenues & Transfers

 Change in Net Assets

 Net Assets - Beginning of Year

 Net Assets - End of Year

The accompanying notes are an integral part of the financial statements

Exhibit B

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets			Component Unit School Board	
	Primary Government				
	Governmental Activities	Business-Type Activities	Total		
\$	(\$2,518,049)	\$	(\$2,518,049)	\$	
	(2,482,397)		(2,482,397)		
	(4,373,319)		(4,373,319)		
	(1,306,735)		(1,306,735)		
	(905,641)		(905,641)		
	(1,520,934)		(1,520,934)		
	(575,426)		(575,426)		
	(16,738,367)		(16,738,367)		
	(911,350)		(911,350)		
	<u>(31,332,218)</u>		<u>(31,332,218)</u>		
		(120,766)	(120,766)		
		(249,996)	(249,996)		
		<u>(370,762)</u>	<u>(370,762)</u>		
	<u>(31,332,218)</u>	<u>(370,762)</u>	<u>(31,702,980)</u>		
				<u>(15,008,274)</u>	
18,259,813		18,259,813			
13,668,895		13,668,895		16,738,367	
1,868,699		1,868,699			
692,864	31,849	724,713		283,982	
334,807		334,807		123,132	
(368,118)	368,118				
<u>34,456,960</u>	<u>399,967</u>	<u>34,856,927</u>		<u>17,145,481</u>	
<u>3,124,742</u>	<u>29,205</u>	<u>3,153,947</u>		<u>2,137,207</u>	
<u>28,947,164</u>	<u>9,959,148</u>	<u>38,906,312</u>		<u>10,362,969</u>	
<u>\$32,071,906</u>	<u>\$9,988,353</u>	<u>\$42,060,259</u>		<u>\$12,500,176</u>	

CITY OF COLONIAL HEIGHTS, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash & Investments	\$8,075,125	\$858,395	\$8,933,520
Receivables - Net			
Taxes	10,663,944		10,663,944
Accounts	310,966		310,966
Other	12,395		12,395
Due from Other Funds	258,755	103,200	361,955
Due from Other Governments	2,491,686		2,491,686
Inventories	50,977		50,977
Other Assets	8,279		8,279
Total Assets	<u>\$21,872,127</u>	<u>\$961,595</u>	<u>\$22,833,722</u>
Liabilities			
Accounts Payable	\$672,845	\$248,036	\$920,881
Due to Other Funds	103,200	434,569	537,769
Due to Component Unit	226,648		226,648
Accrued Liabilities	673,974		673,974
Deposits Payable	76,352		76,352
Deferred Revenue	<u>10,310,358</u>		<u>10,310,358</u>
Total Liabilities	<u>12,063,377</u>	<u>682,605</u>	<u>12,745,981</u>
Fund Balances			
Reserved for:			
Inventories	50,977		50,977
Unreserved:			
Designated for Encumbrances	742,965	610,283	1,353,248
Designated for Future Years' Expenditures	508,693		508,693
Undesignated:			
General Fund	8,506,115		8,506,115
Capital Projects Fund		(331,293)	(331,293)
Total Fund Balances	<u>9,808,750</u>	<u>278,990</u>	<u>10,087,740</u>
Total Liabilities and Fund Balances	<u>\$21,872,127</u>	<u>\$961,595</u>	

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	43,228,126
Deferred revenue represents amounts that were not available to fund current expenditures and therefore is not represented as revenue in the governmental funds.	557,508
Long-term debt issuance costs are deferred and amortized in the Statement of Activities but the effect of issuance costs are recorded in the governmental funds in the current period.	74,684
Accrued interest is not reported as liabilities in the governmental funds.	(230,975)
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the governmental funds.	<u>(21,645,177)</u>
Net Assets of governmental activities	<u>\$32,071,906</u>

The accompanying notes are an integral part of the financial statements

Exhibit D

CITY OF COLONIAL HEIGHTS, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Local Taxes	\$32,274,076	\$	\$32,274,076
Fines and Forfeitures	490,709		490,709
Charges for Services	1,511,128		1,511,128
Licenses, Permits & Fees	3,301,470		3,301,470
Use of Money & Property	692,864		692,864
Intergovernmental	6,576,891	24,261	6,601,152
Miscellaneous	334,807		334,807
Total Revenues	45,181,945	24,261	45,206,206
EXPENDITURES			
Current Operating			
General Government	6,239,843		6,239,843
Judicial Administration	3,721,203		3,721,203
Public Safety	6,332,340		6,332,340
Public Works	3,011,234		3,011,234
Health & Welfare	729,275		729,275
Parks, Recreation and Cultural	2,066,166		2,066,166
Community Development	436,395		436,395
Education	16,738,367		16,738,367
Grants	482,590		482,590
Nondepartmental	283,190		283,190
Debt Service			
Principal Retirement	1,678,558		1,678,558
Interest and Fiscal Charges	904,782		904,782
Capital Outlays			
Total Expenditures	<u>42,623,943</u>	<u>1,975,789</u>	<u>44,599,732</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,558,002</u>	<u>(1,951,528)</u>	<u>606,474</u>
OTHER FINANCING SOURCES (USES)			
Transfers In		908,500	908,500
Transfers Out	(1,276,618)		(1,276,618)
Total Other Financing Sources (Uses), Net	<u>(1,276,618)</u>	<u>908,500</u>	<u>(368,118)</u>
Net Change in Fund Balances	1,281,384	(1,043,028)	238,356
Fund Balances, Beginning of Year	8,527,366	1,322,018	9,849,384
Fund Balances, End of Year	<u>\$9,808,750</u>	<u>\$278,990</u>	<u>\$10,087,740</u>

(Continued)

The accompanying notes are an integral part of the financial statements

CITY OF COLONIAL HEIGHTS, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

Net Change in Fund Balances - Governmental Funds	\$238,356
Reconciliation of Amounts Reported For Governmental Activities in The Statement of Activities:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate the cost of those assets over the life of the asset.	
Expenditures for capital assets	4,353,934
Less current year depreciation expense	(2,728,172)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	
Net change in deferred revenue related to taxes.	(345,368)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.	
Principal payments	1,678,558
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in compensated absences	(65,998)
Change in accrued interest payable	4,281
Amortization of financing costs	<u>(10,849)</u>
Change in Net Assets of Governmental Activities	<u><u>\$3,124,742</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF COLONIAL HEIGHTS, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

	Business-Type Activities-Enterprise Funds		
	Water & Sewer	Solid Waste	Totals
Assets			
Current Assets			
Cash & Investments	\$87,208	\$92,545	\$179,753
Receivables - Net	630,131	210,795	840,926
Due from Other Funds	434,569		434,569
Due from Other Governments	49,710		49,710
Total Current Assets	<u>1,201,618</u>	<u>303,340</u>	<u>1,504,958</u>
Non-current Assets			
Capital Assets - Net	11,862,357		11,862,357
Total Assets	<u>13,063,975</u>	<u>303,340</u>	<u>13,367,315</u>
Liabilities			
Current Liabilities			
Accounts Payable	88,615	19,374	107,989
Accrued Interest	8,151		8,151
Accrued Liabilities	37,761	1,968	39,729
Due to Other Funds	229,489	29,266	258,755
Deposits Payable	90,118		90,118
Due to Other Governments	137,285		137,285
Compensated Absences	25,427	2,231	27,658
Debt Obligations - Current	306,608		306,608
Total Current Liabilities	<u>923,454</u>	<u>52,839</u>	<u>976,293</u>
Non current Liabilities			
Compensated Absences	23,894	836	24,730
Debt Obligations	2,377,939		2,377,939
Total Non-current Liabilities	<u>2,401,833</u>	<u>836</u>	<u>2,402,669</u>
Total Liabilities	<u>3,325,287</u>	<u>53,675</u>	<u>3,378,962</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	9,177,810		9,177,810
Unrestricted	560,878	249,665	810,543
Net Assets	<u>\$9,738,688</u>	<u>\$249,665</u>	<u>\$9,988,353</u>

The accompanying notes are an integral part of the financial statements

Exhibit F

CITY OF COLONIAL HEIGHTS, VIRGINIA
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Business-Type Activities-Enterprise Funds</u>		
	<u>Water & Sewer</u>	<u>Solid Waste</u>	<u>Totals</u>
Operating Revenues			
Charges For Services	\$3,603,840	\$1,028,532	\$4,632,372
Connection Fees	188,860		188,860
Penalties & Interest	42,406	13,271	55,677
Total Operating Revenues	<u>3,835,106</u>	<u>1,041,803</u>	<u>4,876,909</u>
Operating Expenses			
Personnel	591,936	43,688	635,624
Fringe Benefits	258,969	19,593	278,562
Heat, Light & Power	61,423		61,423
Repairs & Maintenance	34,077	14,852	48,929
General Materials & Supplies	116,318	4,204	120,522
Contracted Collection Services		1,084,248	1,084,248
Sewage Treatment Cost	1,577,180		1,577,180
Water Purchased For Resale	518,991		518,991
Depreciation	341,736		341,736
Other Expenses	356,800	125,754	482,554
Total Operating Expenses	<u>3,857,430</u>	<u>1,292,339</u>	<u>5,149,769</u>
Operating Loss	<u>(22,324)</u>	<u>(250,536)</u>	<u>(272,860)</u>
Non-operating Revenues (Expenses)			
Interest Income	31,849		31,849
Sale of Bins & Portable Meters & scrap	7,080	540	7,620
Interest Expense	(105,522)		(105,522)
Total Non-operating Revenues (Expenses), Net	<u>(66,593)</u>	<u>540</u>	<u>(66,053)</u>
Loss Before Transfers	(88,917)	(249,996)	(338,913)
Transfers In			
Change in Net Assets		368,118	368,118
Net Assets, Beginning of Year	<u>9,827,605</u>	<u>131,543</u>	<u>9,959,148</u>
Net Assets, End of Year	<u>\$9,738,688</u>	<u>\$249,665</u>	<u>\$9,988,353</u>

The accompanying notes are an integral part of the financial statements

Exhibit G

CITY OF COLONIAL HEIGHTS, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities-Enterprise Funds		
	Water & Sewer	Solid Waste	Totals
Cash Flows From Operating Activities:			
Cash Received From Customers	\$3,811,976	\$1,014,675	\$4,826,651
Cash Payments to Suppliers	(2,744,273)	(1,228,344)	(3,972,617)
Cash Payments to Employees	(850,910)	(61,904)	(912,814)
Net Cash Provided by (Used in) Operating Activities	<u>216,793</u>	<u>(275,573)</u>	<u>(58,780)</u>
Cash Flow From Investing Activities			
Interest Income	31,849		31,849
Net Cash Provided by Investing Activities	<u>31,849</u>		<u>31,849</u>
Cash Flows From Noncapital Financing Activities:			
Transfer from Other Funds		368,118	368,118
Advances from Other Funds	<u>144,828</u>		<u>144,828</u>
Net Cash Provided by Noncapital Financing Activities	<u>144,828</u>	368,118	<u>512,946</u>
Cash Flow From Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	(253,891)		(253,891)
Principal Paid on Bond Maturities and Capital Lease	(298,866)		(298,866)
Interest Paid on Bond Maturities and Capital Lease	(105,522)		(105,522)
Net Cash Used in Capital and Related Financing Activities	<u>(658,279)</u>		<u>(658,279)</u>
Net Increase (Decrease) in Cash and Investments	<u>(264,809)</u>	<u>92,545</u>	<u>(172,264)</u>
Cash and Investments at Beginning of Year	<u>352,017</u>		<u>352,017</u>
Cash and Investments at End of Year	<u>\$87,208</u>	<u>\$92,545</u>	<u>\$179,753</u>
Reconciliation of Operating Loss to Net Cash			
Provided by (Used in) Operating Activities:			
Operating Loss	(\$22,324)	(\$250,536)	(\$272,860)
Cash Received From Sales of Bins and Meters	<u>7,080</u>	<u>540</u>	<u>7,620</u>
Adjustments to Reconcile Operating Loss to			
Net Cash Provided by (Used in) Operating Activities:			
Depreciation	341,736		341,736
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(12,544)	(27,129)	(39,673)
(Increase) Decrease in Due from Other Governments	(14,588)		(14,588)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(68,911)	1,552	(67,359)
Increase (Decrease) in Deposits	4,002		4,002
Increase (Decrease) in Due to Other Governments	(17,658)		(17,658)
Total Adjustments	<u>232,037</u>	<u>(25,577)</u>	<u>206,460</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$216,793</u>	<u>(\$275,573)</u>	<u>(\$58,780)</u>
Schedule of Noncash Capital Activities:			
Capital Assets Aquired through Incurrence of Capital Lease	<u>\$129,837</u>	<u>\$</u>	<u>\$129,837</u>

The accompanying notes are an integral part of the financial statements

CITY OF COLONIAL HEIGHTS, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the City of Colonial Heights, Virginia, (City) conform to accounting principals generally accepted in the United States of America as applicable to governments.

Reporting Entity

The City of Colonial Heights, Virginia was incorporated in 1948 and its current charter was granted in 1960. The City is a political subdivision of the Commonwealth of Virginia operating under a Council/Manager form of government. City Council consists of a mayor and six council members. The City is not part of a county and has taxing powers subject to statewide restrictions and tax limits.

The City provides the full range of municipal services including police and fire, sanitation, health and social services, education, parks and recreation and water and sewer services. The City provides education through its own school system administered by the Colonial Heights School Board. The City also owns and operates its own water and sewer system, administered by the Colonial Heights Department of Public Utilities.

The financial statements of the City have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and the accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (GASB).

Discretely Presented Component Unit - School Board - The City of Colonial Heights public school system is responsible for elementary and secondary education within the City. The elected five-member School Board serves staggered four-year terms of office. The School Board functions independently of the City Council, but is required to prepare and submit an annual budget to the City Council for approval. The School Board may not levy taxes or incur indebtedness under Virginia law, and therefore, funds for school operations are provided, in part, by appropriation from the City's General Fund. Funds for constructing school facilities are provided by City approved and issued general obligation bonds and appropriations from the City's General Fund.

The APA establishes financial reporting requirements for all localities in the Commonwealth of Virginia. The APA has determined that all Virginia School Boards shall be reported as discretely presented component units of the locality. The APA has also specified additional reporting requirements with respect to School Boards.

The Component Unit's financial reports, herein presented, were prepared by the City's Financial Administration Office using information provided by the School Board. School Board related capital assets and long-term liabilities are included under the discrete component unit presentation. Details specific to School Board information communicated in the City's Comprehensive Annual Financial Report may be obtained by contacting the School Board's administrative offices located at:

City of Colonial Heights School Board
512 Boulevard
Colonial Heights, Virginia 23834

Financial Statement Presentation

In June 1999, Governmental Accounting Standards Board issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 was developed to make annual reports easier to understand and more useful to people who use government financial information to make decisions. GASB Statement No. 34 includes:

Management's Discussion and Analysis (MD&A) - MD&A introduces the basic financial statements and provides an analytical overview of the government's financial activities in a narrative format. An analysis of the government's overall financial position and results of operations is included to assist users in assessing whether financial position has improved or declined as a result of the year's activities.

Government-wide Financial Statements – Financial Statements prepared using the economic resources measurement focus and full accrual accounting for all of the government's activities are now required. These statements include all assets, liabilities, revenues and expenses of the primary government and its component unit.

The effect of interfund activity has been eliminated from these statements. The City does not allocate indirect expenses. The government-wide statements segregate government activities, which are normally supported by taxes and intergovernmental revenues, and business-type activities, which rely on user fees and charges for support. The School Board of the City, which is a legally separate, discretely presented component unit is also segregated.

Statement of Net Assets - presents both governmental and business-type activities on the full accrual, economic resource basis, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

Statement of Activities – presents the net cost of each individual function. Program revenues are presented as a reduction of the total cost of providing program services. Program revenues include charges for services, operating grants and contributions and capital grants that are directly associated with a specific function. Taxes and other revenue sources not reported as program revenues are included as general revenue.

Fund Financial Statements – These statements are very similar to financial statements presented in the previous reporting model, however, the emphasis is now on major governmental and enterprise funds. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or net assets, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the combined financial statements into the following fund types.

Governmental Funds - Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. Governmental fund types use the flow of current financial resources measurement focus. The City's governmental fund types are:

General Fund - The General Fund is the basic operating fund of the City and all regular activities not expressly allocable to another fund are accounted for in this fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources, which have been segregated for the acquisition or construction of major capital facilities (other than those financed or constructed by the proprietary funds).

Proprietary Funds - The Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The measurement focus is on determination of net income, financial position and cash flows. Operating revenues include charges for services and other revenue. Operating expenses include personnel services, as well as other services and charges, materials and supplies and depreciation. All revenues and expenses, excluding capital contributions and transfers, not meeting these definitions are reported as non-operating revenues and expenses. The City's proprietary fund types are:

Enterprise Funds - The Water & Sewer Fund is used to account for the acquisition, operation and maintenance of facilities which are primarily supported by user charges. The City elected to establish a Solid Waste

Fund to provide solid waste collections and become self-sufficient over a multi-year rate structure increase. The operations of the Water & Sewer Fund and the Solid Waste Fund are accounted for and reported as Enterprise Funds.

GASB Statement No. 20 requires proprietary activities to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. In accordance with GASB Statement No. 20, management has elected not to apply FASB pronouncements issued after November 30, 1989 to the Enterprise Fund.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental activities in the government-wide statements are presented using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability has been incurred, regardless of the timing of related cash flows.

Governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. General fund tax revenues are considered measurable when they have been levied. To be considered available and thus susceptible to revenue recognition, the taxes must be collected within the City's period of availability of 45 days after year end. Uncollected taxes at the end of this period are reported as deferred revenues. Interest income and intergovernmental receivables (state and federal grants to the extent of allowable expenditures) are considered susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

Cash and Investments

The City records investments at fair value. Cash and cash equivalents include cash on hand, demand deposits, certificates of deposits, money market funds and the State Treasurer's Local Government Investment Pool (LGIP). Cash resources of the individual

funds, excluding cash held with fiscal agents in the General Fund, Capital Projects Fund and Proprietary Funds, are combined to form a pool of cash and investments to maximize earnings. All investment earnings are allocated to the various funds based on equity in the investment pool.

Allowances for Uncollectibles

The allowance for uncollectibles in the General and Enterprise Funds are based on prior experience with respect to collections. In accordance with policy and history of collections, no allowance is recorded for delinquent real estate taxes. At June 30, 2007, the allowances were \$545,700 in the General Fund and \$75,000 in the Water & Sewer Fund.

Property Taxes

Real Property - The City levies real estate taxes on all real estate within its boundaries except those specifically exempted by statute. These levies are assessed on a calendar year basis as of January 1 on the estimated fair market value of property. The City follows the practice of reassessing real property biennially.

For real estate assessed on January 1, payment is due in two installments on May 15 and November 15 and is considered delinquent if not received by the due date. On January 1, real estate taxes become an enforceable lien on related property. The real estate taxes reported as current year revenue are the second installment (November 15) of the levy on assessed value at January 1, 2006 and the first installment (May 15) of the levy at January 1, 2007. The tax rate for calendar year 2007 was \$1.18 per \$100 of assessed value.

Personal Property - The City levies personal property taxes on motor vehicles and personal and business property. These levies are assessed on a calendar year basis as of January 1. Personal property taxes are payable in two installments, which are due on June 5 and December 5. Taxes become delinquent if not received by the due date. On January 1, personal property taxes become an enforceable lien on related property. The personal property taxes reported as revenue are the second installment (December 5) of the levy on assessed value at January 1, 2006, and the first installment (June 5) of the levy at January 1, 2007. The tax rate for calendar year 2007 was \$3.50 per \$100 of assessed value. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the City received \$1,844,874 for the State's share of the local personal property tax payment with the remainder collected by the City.

Inventories

Inventories are valued at cost and are determined by using the first-in, first-out method. Inventories are accounted for under the consumption method, where inventories are recorded as expenditures when consumed, rather than when purchased.

Capital Assets

Capital assets with a value of \$5,000 or greater are recorded in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets belonging to proprietary funds are also reported in the applicable fund financial statements. All purchased capital assets are valued at historical or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Depreciation has been provided over the estimated useful lives using the straight-line method. No depreciation expense is recorded for land, or construction-in-progress. The estimated useful lives are:

Land Improvement	5 – 20 years
Building and Structures	20 – 50 years
Equipment	4 – 20 years
Infrastructure	30 – 50 years

In accordance with GASB Statement No. 34, the City's infrastructure has been capitalized for all years.

Compensated Absences Payable

It is the City's policy to permit employees to accumulate earned but unused compensated absences. For government-wide reporting, a liability is recorded for compensated absences when services are rendered and employees have earned the right to receive compensation for such services.

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. Accordingly, in the fund financial statements for governmental funds, no expenditure is reported for compensated absences until they are paid. Current and non-current portions of compensated absences totaling \$934,265 are recorded for governmental activities in the government-wide statements and represent a reconciling item between the government-wide and fund presentations.

Compensated absences earned by employees and charged to proprietary funds are expensed and accrued as a liability of the appropriate fund when incurred. At June 30, 2007, the liabilities for compensated absences were \$52,388.

(2) BUDGETS AND BUDGETARY ACCOUNTING

The City adheres to the following procedures in establishing the budgetary data reflected in the Comparative Schedule of Revenues and Expenditures – Budget and Actual (Schedule H):

1. Proposal – At least sixty days prior to June 30, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.

2. Projects – The capital projects budget is prepared on a project length basis under which the total outlay for each project is estimated for the length of the project.
3. Adoption – Public hearings are conducted to obtain citizen comments on the proposed budget. Prior to July 1st, the budget is legally adopted at the departmental level through passage of an appropriation ordinance by City Council.
4. The City Manager is authorized to transfer amounts within departments, with any interdepartmental transfers being approved by City Council. During the year, \$1,093,867 in supplemental appropriations were approved by City Council. These amendments consisted primarily of appropriations of prior year encumbrances, the appropriation of designated fund balance, and the appropriation of additional intergovernmental grants received during the year.
5. Legal Compliance – Actual expenditures and operating transfers out may not legally exceed budget appropriations for each department. City Council legally adopts an annual budget for the General Fund. Its budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America except for the recognition of encumbrances, the classification of certain transfers as expenditures, and the consideration of beginning fund balance as a budgetary resource.

(3) DEPOSITS AND INVESTMENTS

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

Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (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. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans.

However, all qualified bank's public deposits are considered 100% "insured" (per GASB Statement 3, paragraph 11) because the Act provides for additional assessments to be made. This means that if a qualified bank were to fail, all collateral in the pool would be used to cover the public deposits held at that bank. In addition, if the collateral were inadequate to cover all public deposits, additional amounts would be assessed on a pro rata basis to each member of the pool. Therefore, the Act insures that there will be no loss of public funds and that makes the pool similar to depository insurance. At June 30, 2007,

no balances of the primary government or component unit were uninsured or uncollateralized in banks or savings institutions because of failure of the institutions to qualify under the Act.

For purposes of the statement of cash flows, the Enterprise funds considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize local governments and other public bodies 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 rated A-1 by Standard and Poor's or P-1 by Moody's Commercial Paper and certain corporate notes; bankers' acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP) and the State Non-Arbitrage Program (SNAP).

Highly liquid investments with maturities of three months or less from date of purchase are considered cash equivalents. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools", all investments are shown at fair value.

The City and its discretely presented component unit's investments are subject to interest rate and credit risk as described below:

Interest Rate Risk – As a means of limiting exposure to fair value losses arising from rising interest rates, the City's investment guidelines limits investments to securities that have a maturity of one year or less.

Interest rate risk does not apply to the local government investment pool since it is a 2a7 - like pool.

Credit Risk – State Statutes authorizes the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's commercial Paper Record, bankers' acceptances, repurchase agreements, money market mutual funds and the State Treasurers Local Government Investment Pool rated 'AAAm' by Standard and Poor's. City guidelines prohibit the investment in derivatives, even if they comply with State Statutes concerning investment requirements.

At June 30, 2007, the City's deposit and investment balances were as follows:

	<u>Fair Market Value</u>
Deposits:	
Demand Deposits	\$1,743,604

Cash on Hand	12,600
Total Deposits	<u>1,756,204</u>
Investments:	
Money Market Funds	970,527
Treasurer's Local Government Investment Pool	<u>6,386,542</u>
Total Deposits & Investments	<u>\$9,113,273</u>

The carrying value of deposits for the School Board, a discretely presented component unit, was \$4,162,536 and the bank balance was \$50,000. Of the bank balance, \$50,000 was covered by Federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

At June 30, 2007, the School Board's deposit and investment balances were as follows:

	<u>Fair Market Value</u>
Deposits:	
Demand Deposits	<u>\$4,162,536</u>
Total Deposits	<u>4,162,536</u>
Total Cash	<u>\$4,162,536</u>

(4) DEFERRED REVENUE

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$10,310,358 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue, representing uncollected tax billings not available for funding of current expenditures, totaled \$9,864,838 at June 30, 2007. Unearned advance 2007 tax billing represent \$9,752,850 with \$111,988 being other unavailable receivables.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2007 but paid in advance by the taxpayers totaled \$445,520 at June 30, 2007.

(5) POST RETIREMENT HEALTH CARE BENEFITS

In accordance with a City ordinance, retirees with 20 years of service are provided a Medicare premium supplement totaling \$1.50 per year of service, with a maximum

supplement of \$45 per month. Expenditures are recognized on a pay-as-you-go basis. The retiree must pay for coverage of dependents. During the fiscal year ended June 30, 2007, the City's share of premiums was \$2,687 for ten participating retirees.

In addition, City retirees not eligible for Medicare and who have 20 years of service receive a group health insurance credit of \$50 per month plus a \$5 per month credit for each year of service exceeding 20 years. This credit is limited to \$100 per month. Expenditures are recognized on a pay-as-you-go basis. During the fiscal year ended June 30, 2007, the City's share of premiums was \$6,888 for thirteen participating retirees.

(6) DUE FROM OTHER GOVERNMENTS:

Due from other governments consists of the following:

	Primary Government	Component Unit	W&S Fund
Federal Government	\$ 19,684	\$944,123	\$
Commonwealth of Virginia:			
Other aid, grants and reimbursements	297,695		
Sales tax	1,214,043	430,507	
PPTRA	960,264		
Chesterfield County-Service Charges			10,019
Virginia State University-Service Charges			39,691
Other Governments		55,764	
	<u>\$2,491,686</u>	<u>\$1,430,394</u>	<u>\$ 49,710</u>

(7) INTERFUND OBLIGATIONS:

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

	Interfund Receivable	Interfund Payables
General Fund	\$ 258,755	\$ 103,200
Capital Project Fund	103,200	434,569
Water & Sewer Fund	434,569	229,489
Solid Waster Fund		29,266
Total	<u>\$796,524</u>	<u>\$796,524</u>

Bond financed Water and Sewer Fund projects are transferred to the Capital Project Fund which accounts for payable between the two funds. The Water and Sewer Fund interfund payable represents past operational subsidies received from General Fund. The Solid Waste Fund interfund payable represents current operational subsidies received from General Fund.

(8) CHANGES IN CAPITAL ASSETS:

A summary of changes in capital assets follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/Reclassifications</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$4,620,760	\$ 52,834	\$	\$4,673,594
Construction in Progress	<u>3,204,771</u>	<u>2,029,855</u>	<u>(2,981,833)</u>	<u>2,252,793</u>
Total Capital Assets not being Depreciated	<u>7,825,531</u>	<u>2,082,689</u>	<u>(2,981,833)</u>	<u>6,926,387</u>
Capital Assets being Depreciated:				
Building and Structures	16,307,946	44,200	2,890,840	19,242,986
Accumulated Depreciation	<u>(4,086,917)</u>	<u>(465,452)</u>		<u>(4,552,369)</u>
Net Buildings and Structures	<u>12,221,029</u>	<u>(421,252)</u>	<u>2,890,840</u>	<u>14,690,617</u>
Infrastructure	49,053,907	1,007,552	90,993	50,152,452
Accumulated Depreciation	<u>(32,061,161)</u>	<u>(1,164,614)</u>		<u>(33,225,775)</u>
Net Infrastructure	<u>16,992,746</u>	<u>(157,062)</u>	<u>90,993</u>	<u>16,926,677</u>
Equipment	9,887,808	1,219,493	(213,109)	10,894,192
Accumulated Depreciation	<u>(5,324,750)</u>	<u>(1,098,106)</u>	<u>213,109</u>	<u>(6,209,747)</u>
Net Equipment	<u>4,563,058</u>	<u>121,387</u>		<u>4,684,445</u>
Total Capital Assets being Depreciated	75,249,661	2,271,245	2,768,724	80,289,630
Less Accumulated Depreciation	<u>(41,472,828)</u>	<u>(2,728,172)</u>	<u>213,109</u>	<u>(43,987,891)</u>
Total Capital Assets - Net	<u>33,776,833</u>	<u>(456,927)</u>	<u>2,981,833)</u>	<u>36,301,739</u>
Total	<u>\$41,602,364</u>	<u>\$1,625,762</u>	<u>\$</u>	<u>\$43,228,126</u>

Equipment and other capital assets include capitalized leases of \$1,182,442 with a net book value \$196,184.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/Reclassifications</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital Assets not being Depreciated:				
Land	\$136,300	\$	\$	\$136,300
Construction in Progress	<u>72,585</u>	<u>195,069</u>	<u>(267,654)</u>	
Total Capital Assets not being Depreciated	<u>208,885</u>	<u>195,069</u>	<u>(267,654)</u>	<u>136,300</u>
Capital Assets Being Depreciated:				
Land Improvements	48,927			48,927
Accumulated Depreciation	<u>(37,723)</u>	<u>(249)</u>		<u>(37,972)</u>
Net Land Improvements	<u>11,204</u>	<u>(249)</u>		<u>10,955</u>

Buildings and Structures	3,754,397	8,233		3,762,630
Accumulated Depreciation	(1,592,691)	(82,515)		(1,675,206)
Net Buildings and Structures	<u>2,161,706</u>	<u>(74,282)</u>		<u>2,087,424</u>
Infrastructure	13,865,990	34,845	267,654	14,168,489
Accumulated Depreciation	(5,098,610)	(211,470)		(5,310,080)
Net Infrastructure	<u>8,767,380</u>	<u>(176,625)</u>	<u>267,654</u>	<u>8,858,409</u>
Equipment	2,415,969	145,581	(10,339)	2,551,211
Accumulated Depreciation	(1,744,779)	(47,502)	10,339	(1,781,942)
Net Equipment	<u>671,190</u>	<u>98,079</u>		<u>769,269</u>
Total Capital Assets being Depreciated	20,085,283	188,659	(257,315)	20,531,257
Less Accumulated Depreciation	(8,473,803)	(341,736)	10,339	(8,805,200)
Total Capital Assets - Net	<u>11,611,480</u>	<u>(153,077)</u>	<u>267,654</u>	<u>11,726,057</u>
Total	<u>\$11,820,365</u>	<u>\$ 41,992</u>	<u>\$</u>	<u>\$11,862,357</u>

Depreciation Expense was charged to functions/programs of the primary government as follows:

Governmental activities:			
General Government		\$ 34,308	
Judicial Administration		3,824	
Public Safety		638,643	
Public Works		1,577,055	
Health & Welfare		3,798	
Parks, Recreation and Cultural		<u>470,544</u>	
Total depreciation expense		<u>\$2,728,172</u>	

Business-type Activities:			
Water & Sewer		<u>\$341,736</u>	

School Board Component Unit:

	Beginning Balance As Restated	Additions	Deletions/ Reclassifications	Ending Balance
Capital Assets not Being Depreciated:				
Land	<u>\$1,090,102</u>	\$ _____	\$ _____	<u>\$1,090,102</u>
Total Capital Assets not being Depreciated	<u>1,090,102</u>	_____	_____	<u>1,090,102</u>
Capital Assets Being Depreciated:				
Building and Structures	18,334,733	738,612		19,073,345
Accumulated Depreciation	(9,671,544)	(419,285)		(10,090,829)
Net Buildings and Structures	<u>8,663,189</u>	<u>319,327</u>		<u>8,982,516</u>
Equipment	2,971,225	278,574		3,249,799
Accumulated Depreciation	(1,961,770)	(250,589)		(2,212,359)
Net Equipment	<u>1,009,455</u>	<u>27,985</u>		<u>1,037,440</u>

Total Capital Assets being Depreciated	21,305,958	1,017,186		22,323,144
Less Accumulated Depreciation	(11,633,314)	(669,874)		(12,303,188)
Total Capital Assets – Net	<u>9,672,644</u>	<u>347,312</u>		<u>10,019,956</u>
Total	<u>\$10,762,746</u>	<u>\$ 347,312</u>	<u>\$</u>	<u>\$11,110,058</u>

Management has determined that capitalization of interest costs, in the proprietary fund types, are immaterial in relation to total expenses and total proprietary fund capital assets. Accordingly, the City does not currently capitalize interest costs.

(9) LONG-TERM OBLIGATIONS:

The following schedule reflects changes in long-term liabilities, by area of responsibility, for the fiscal year ended June 30, 2007:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<u>Governmental Activities:</u>					
General obligation serial bonds	\$18,361,424	\$	\$1,620,812	\$16,740,612	\$1,672,925
Notes Payable	4,028,046		57,746	3,970,300	
Accrued leave	868,267	915,070	849,072	934,265	601,226
Total	<u>\$23,257,737</u>	<u>\$915,070</u>	<u>\$2,527,630</u>	<u>\$21,645,177</u>	<u>\$2,274,151</u>
<u>Enterprise Funds:</u>					
General obligation serial bonds	\$2,853,576	\$	\$274,188	\$2,579,388	\$282,075
Capital Lease		129,837	24,678	105,159	24,533
Accrued leave	55,055	44,734	47,401	52,388	27,658
Total	<u>\$2,908,631</u>	<u>\$174,571</u>	<u>\$346,267</u>	<u>\$2,736,935</u>	<u>\$334,266</u>
Total Liabilities of the Primary Government	<u>\$26,166,368</u>	<u>\$1,089,641</u>	<u>\$2,873,897</u>	<u>\$24,382,112</u>	<u>\$2,608,417</u>
<u>Component Unit - School Board:</u>					
Accrued leave	\$ 1,549,974	\$288,168	\$1,087,885	\$ 750,257	\$37,513
Retirement Incentive Program	<u>1,221,080</u>		<u>422,605</u>	<u>798,475</u>	<u>35,214</u>
Total	<u>\$ 2,771,054</u>	<u>\$288,168</u>	<u>\$1,510,490</u>	<u>\$1,548,732</u>	<u>\$72,727</u>

Enterprise Fund revenue sources are used to repay its debt, with all other debt except School Board accrued leave and retirement incentive, being paid out of General Fund sources.

Outstanding long-term liabilities at June 30, 2007 are comprised of the following:

Description	Date Issued	Interest Rate	Amount Outstanding
General obligation serial bonds:			
General improvement:			
Series 1996	1996	4.250-6.875%	\$ 925,000
Series 1998	1998	3.300-5.000%	2,240,000
Series 2000	2000	5.125-6.250%	4,000,000
Series 2002	2002	2.000-4.300%	5,060,000
Series 2003	2003	4.500-5.500%	1,300,000
Series 2004	2004	2.000-3.750%	<u>5,795,000</u>
Total Bonds			<u>\$19,320,000</u>
Notes Payable			
Chesterfield Avenue Property 2005			<u>5.02%</u>
			<u>\$ 3,970,300</u>
Capital Lease Payable	2006	4.56%	<u>\$ 105,159</u>
Accrued leave			
Retirement Incentive Program 1995			<u>8.00%</u>
			<u>\$ 798,475</u>
Total Long-term Liabilities:			<u>\$25,930,844</u>

All general obligation bonds are secured by the full faith and credit of the City. All financial bond requirements have been met by the City.

Lease Commitment: The City leased various types of equipment under capital and operating lease agreements during the year ended June 30, 2007. As of June 30, 2007, there is a \$105,159 capital obligation for a utilities T.V. camera truck used for pipe inspections.

The annual requirements to amortize to maturity all long-term liabilities outstanding, excluding notes payable, accrued annual leave, retirement incentive program and environmental liabilities are as follows:

Year Ending June 30	General Obligation Bonds				Notes Payable			Enterprise	
	Government Activities Principal	Interest	Enterprise Fund Principal	Interest	Governmental Activities Principal	Interest	Principal	Interest	
2008	\$1,672,925	\$648,003	\$282,075	\$93,334	\$		\$199,309	\$24,533	\$4,380
2009	1,757,577	586,296	297,423	83,566	3,970,300	199,309	25,671	3,242	
2010	1,806,533	516,781	303,467	72,526				26,861	2,051
2011	1,509,027	448,871	240,973	61,964				28,094	817
2012	1,578,707	383,803	251,293	52,060					
2013-2017	6,574,038	994,614	906,011	139,124					
2018-2020	1,841,805	88,190	298,146	13,672					
TOTAL	\$16,740,612	\$3,666,558	\$2,579,388	\$516,246	\$3,970,300	\$ 398,618	\$105,159	\$ 10,490	

(10) FUND BALANCES

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Reservations of Fund Balance – Except for those required to comply with accounting standards, all reservations and designations of General Fund balance reflect City Council action in the context of adoption of City's budget.

Encumbrances – These fund balances have been reserved for goods and services encumbered, or ordered, before the end of the fiscal year, for which delivery of goods and services have not been made prior to the close of the fiscal year.

Capital Projects – These balances are reserved for capital projects that City Council has already approved.

(11) ENVIRONMENTAL LIABILITIES

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 a certain number of years after closure. For purposes of determining the required years for postclosure testing, the former landfill is treated as a solid waste landfill that stopped receiving waste prior to the passing of Subtitle D of the Environmental Protection Act Regulations. The required number of years of testing is ten years.

The City has recently completed the process of closing the former City landfill. The North End has been previously closed and the South End was approved by the Virginia Division of Waste Management during the year ended June 30, 2003. The postclosure costs for the South End of the former City landfill are currently projected to be approximately \$180,000 based on a minimum ten years of testing. Landfill closure costs reflect what it would cost to perform postclosure care at June 30, 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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.

(12) DEFINED BENEFIT PENSION PLAN

Plan Description: The City and School Board contribute to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the VRS. All full-time, salaried, permanent employees of participating employers must participate in the VRS. Benefits vest after 5 years of service. Employees

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

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

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 salary to VRS. This 5% member contribution may be assumed by the employer. The City and School Board have elected to assume the 5% member contribution. In addition, they are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's and School Board's (for nonprofessional employees) contribution rate for the fiscal year ended June 30, 2007 was 14.80% and 12.44% of annual covered payroll, respectively. The School Board required contributions and percentage to the VRS statewide teacher (professional employees) pool for fiscal years 2007, 2006, and 2005 was \$2,238,955, \$1,683,839 \$1,525,363, respectively and were equal to 100% of the required contribution for professional employees for each year.

Annual Pension Cost: For fiscal year 2007, the City's and School Board's nonprofessional employee annual pension costs of \$1,594,055 were equal to the 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. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.6% per year, and (c) 2.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 21 years.

Three-year trend information for the City and School Board nonprofessional employees, is as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>CITY</u>			
June 30, 2005	\$1,412,922	100%	\$-0-
June 30, 2006	1,416,366	100%	-0-
June 30, 2007	1,468,499	100%	-0-
<u>SCHOOL BOARD</u>			
June 30, 2005	80,466	100%	-0-
June 30, 2006	80,840	100%	-0-
June 30, 2007	125,556	100%	-0-

Schedule of Funding Progress:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded (Overfunded)</u>		<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL % of Payroll</u>
		<u>Actuarial Accrued Liability</u>	<u>Actuarial Accrued Liability</u>			
<u>CITY</u>						
June 30, 2006	\$31,475,180	\$33,634,077	\$ 2,158,897	93.58%	\$9,432,548	22.89%
June 30, 2005	29,337,817	35,696,899	6,359,082	82.19%	9,297,992	68.39%
June 30, 2004	27,999,455	33,239,142	5,239,687	84.24%	9,224,574	56.80%
<u>SCHOOL BOARD</u>						
June 30, 2006	\$3,167,031	\$3,473,258	\$ 306,227	91.18%	\$912,761	33.55%
June 30, 2005	3,093,205	3,597,080	503,875	85.99%	914,889	55.07%
June 30, 2004	3,099,495	3,193,652	94,157	97.05%	850,984	11.06%

(13) COMMITMENTS AND CONTINGENT LIABILITIES:

Contingent Liabilities:

Various claims and lawsuits are pending against the City. In the opinion of the City management, resolution of these cases would not involve a substantial liability for the City.

The City participates in a number of federally assisted grant programs. Although the City

has been audited in accordance with the provisions of OMB Circular A-133, these programs are still subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of grants. Based on prior experience, City management believes such disallowances, if any, will be immaterial.

Utility Commitments: The utility department has entered into various contracts for the purchase of water and the treatment of sewage. These commitments are considered by the water and sewer department in establishing water and sewer rates.

(14) RISK MANAGEMENT:

The City and its component unit are exposed to various losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The City is covered by property/casualty insurance policies or participation in public entity risk pools on real and personal property, workers' compensation, public entity and officers excess liability, and volunteer liability. There were no material reductions in insurance coverage from coverage in the prior year nor did settlements exceed coverage for any of the past three fiscal years. There are no liabilities for claims set up for the current or prior fiscal year.

Risk Pools

The City participates in the Commonwealth of Virginia's Law Enforcement Liability Plan, called VA Risk2, operated by the Division of Risk Management of the Commonwealth's Department of General Services. It was created in accordance with Sec. 2.1-526.8:1 of the Code of Virginia, which says that the State shall have the right and duty to defend any suit seeking damages or compensation against the City's officials and employees on account of wrongful acts even if any of the allegations of the suits are groundless, false, or fraudulent and may make investigation and settlement of any claims or suit as deemed expedient. The limits of VA Risk2 coverage are \$1,000,000 per claim.

Under the provisions of the Virginia Workers' Compensation Act, the City has secured the payment of compensation benefits and employers' liability coverage with the Virginia Municipal Group Self Insurance Association (VMGSIA). VMGSIA is a public entity risk pool providing a comprehensive workers' compensation insurance program and risk management services with emphasis on loss control and claims administration.

The City has secured real and personal property coverage and general liability insurance, including automobiles, with the Virginia Municipal Liability Pool. The pool is a public entity risk pool providing compensative liability coverage risk management services with emphasis on loss control and claims administration.

(15) EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS

Excesses of expenditures over appropriations occurred in the following departments:

General Fund:

Health and Welfare	\$139,622
Parks, Recreation and Cultural	43,591
Grants	32,634
Non-department	10,748
Education	218,508

(16) JOINT VENTURES:

Riverside Regional Jail Authority: The Riverside Regional Jail Authority (Jail Authority) was created by Chapter 726 of the 1990 Acts of the General Assembly and was formed on June 21, 1990. The Jail Authority is comprised of the Cities of Colonial Heights, Hopewell and Petersburg and the Counties of Charles City, Chesterfield, Prince George and Surry. The Jail Authority is governed by a seven-member board comprised of one member from each participating jurisdiction. Each member must reside in and be appointed by the governing body of his political subdivision.

The general purpose of the Jail Authority is to acquire, construct, equip, maintain and operate a regional jail facility to meet the needs of the participating jurisdictions for additional jail facilities. The Jail Authority completed the feasibility study and conceptual design of the jail and proceeded with the preparation of the Service Agreement. The Service Agreement is a long-term contract regulating usage of the jail and establishing payment terms applicable to participating jurisdictions. It guarantees that the facility will be used and provides for the issuance of revenue bonds to fund the final design and construction of the regional jail facility. During July and August 1992, each participating jurisdiction approved the Service Agreement at its respective board meeting. The board members of the Jail Authority signed the Service Agreement on August 27, 1992.

Complete financial statements for the Jail Authority can be obtained from the Jail Authority at 1000 River Road, P.O. Box 1041, Hopewell, VA 23860.

Appomattox River Water Authority: The City, in conjunction with the Counties of Chesterfield, Dinwiddie and Prince George and the City of Petersburg, participated in the creation of the Appomattox River Water Authority (Water Authority). The Water Authority was established under the provisions of the Virginia Water and Sewer Authorities Act. The Water Authority, whose five-member board is comprised of one representative from each participating entity, is responsible for providing a supply of filtered water to be purchased by the members of the Water Authority. In accordance with the joint venture agreement, each participating entity is required to purchase water from the Water Authority. The City retains an ongoing financial responsibility for the joint venture due to this requirement of the agreement. The City's purchase of water for the year ended June 30, 2007 was \$501,333.

Complete financial statements for the Water Authority can be obtained from the Water Authority's office at 21300 Chesdin Road, Petersburg, VA 23803.

South Central Wastewater Authority (SCWWA): The authority was created on July 2, 1996, and currently provides wastewater treatment to the Cities of Colonial Heights and Petersburg, the Counties of Chesterfield and Prince George and the Dinwiddie County Water Authority. The City has 4.0 million gallons per day of wastewater treatment capacity reserved at SCWWA's plant pursuant to a long-term service contract. The City's cost of wastewater treatment for the year ended June 30, 2007 was \$1,577,180. Complete financial statements for the Wastewater Authority can be obtained from the Wastewater Authority's office at 900 Magazine Road, Petersburg, VA 23803.

(17) - JOINTLY GOVERNED ORGANIZATIONS:

Central Virginia Waste Management Authority: The Central Virginia Waste Management Authority (Waste Authority) was established under the provision of the Virginia Water and Sewer Authorities Act. The Waste Authority's board is comprised of representatives from the Cities of Colonial Heights, Petersburg and Richmond, as well as the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, Prince George, and the Town of Ashland. The Waste Authority is comprised of a 20-member board with member jurisdictions making at least one but no more than three appointments. The City appoints one board member. The Waste Authority is responsible for creating and implementing recycling and solid waste management programs for member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has an ongoing financial interest or responsibility in the Waste Authority. The City's fiscal year 2006 contribution requirement and direct payments for special projects totaled \$1,083,574.

Virginia Gateway Region Board: The Virginia Gateway Region Board (VGRB) serves the Cities of Colonial Heights, Hopewell and Petersburg, as well as the Counties of Chesterfield, Dinwiddie and Prince George in their efforts to provide balanced industrialization to corporation members. The City appoints two members of the ABIDCO board and contributed \$32,623 to ABIDCO for the fiscal year ended June 30, 2007.

(18) RELATED ORGANIZATION:

The City Council is responsible for appointing the members of the Colonial Heights Industrial Development Authority (Development Authority), but the City Council's accountability for this organization does not extend beyond making the appointments. 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 development of trade by inducing manufacturing, industrial and commercial enterprise to locate or to remain in the City.

(19) SUBSEQUENT EVENT:

On November 28, 2007, the City issued \$9,930,000 in General Obligation Public Improvement bonds for purpose of funding various capital improvement projects and to finance the renovation/addition of an elementary school.

CITY OF COLONIAL HEIGHTS, VIRGINIA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GENERAL FUND (BUDGET AND ACTUAL)
 FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance from Final Budget Over/(Under)
REVENUES				
Local Taxes				
Real Property Taxes	\$15,220,966	\$15,220,966	\$15,576,624	\$355,658
Real and Personal Public Service				
Corporation Property Taxes	348,332	348,332	260,463	(87,869)
Personal Property Taxes	1,632,631	1,632,631	2,047,873	415,242
Delinquent Taxes	698,575	698,575	522,470	(176,105)
Penalties & Interest	260,000	260,000	197,751	(62,249)
Communication Sales and Use Tax			221,486	221,486
Food & Lodging Tax	4,144,326	4,144,326	4,335,522	191,196
Utility Consumer Tax	1,460,000	1,460,000	1,213,087	(246,913)
Bank Stock Tax	160,000	160,000	163,463	3,463
Local Option Sales Tax	7,277,921	7,277,921	7,350,271	72,350
Recordation Tax	290,000	290,000	279,879	(10,121)
Franchise Utility Tax	100,000	100,000	105,187	5,187
Total Local Taxes	<u>31,592,751</u>	<u>31,592,751</u>	<u>32,274,076</u>	<u>681,325</u>
Fines and Forfeitures				
Fines and Forfeitures	391,000	391,000	490,709	99,709
Charges for Services				
Recreation Use Charges & Fees	217,500	217,500	234,477	16,977
Administrative Charges	1,577,222	1,577,222	1,257,231	(319,991)
Other Charges	18,000	18,000	19,420	1,420
Total Charges for Services	<u>1,812,722</u>	<u>1,812,722</u>	<u>1,511,128</u>	<u>(301,594)</u>
Licenses, Permits & Fees				
Business & Occupational Licenses	2,827,089	2,827,089	2,690,224	(136,865)
Motor Vehicle Licenses	415,000	415,000	320,846	(94,154)
Zoning & Construction Permits	143,000	141,000	248,797	107,797
Other Fees	38,625	40,625	41,603	978
Total Licenses, Permits & Fees	<u>3,423,714</u>	<u>3,423,714</u>	<u>3,301,470</u>	<u>(122,244)</u>
Use of Money & Property				
Interest on Investments	220,000	220,000	255,580	35,580
Rental of Property	330,600	330,600	434,437	103,837
Sale of Commodities & Property	5,000	5,000	2,847	(2,153)
Total Use of Money & Property	<u>555,600</u>	<u>555,600</u>	<u>692,864</u>	<u>137,264</u>
Intergovernmental				
State				
Personal Property Tax Relief	1,753,369	1,753,369	1,844,874	91,505
Street Construction & Maintenance	1,932,898	1,932,519	1,932,519	
Alcoholic Beverage Tax Proceeds	20,289	20,289	20,289	
Categorical Reimbursements:				
Commissioner of Revenue	89,864	92,914	94,728	1,814
Treasurer	90,225	92,329	93,772	1,443
Circuit Court	201,848	330,736	321,128	(9,608)
Sheriff	282,949	300,514	308,281	7,767
Commonwealth's Attorney	348,105	469,359	464,509	(4,850)
Law Enforcement	664,877	664,877	664,876	(1)
Other	422,390	555,497	590,721	35,224
Non Categorical Revenues	<u>3,223</u>	<u>3,223</u>	<u>3,536</u>	<u>313</u>
Total State Intergovernmental	<u>5,810,037</u>	<u>6,215,626</u>	<u>6,339,233</u>	<u>123,607</u>
Federal				
Categorical	62,330	179,909	237,658	57,749
Total Intergovernmental	<u>5,872,367</u>	<u>6,395,535</u>	<u>6,576,891</u>	<u>181,356</u>
Miscellaneous				
Total General Fund Revenues	<u>43,658,454</u>	<u>44,232,572</u>	<u>45,181,945</u>	<u>949,373</u>

Continued

	Original Budget	Final Budget	Actual	Variance from Final Budget Over/(Under)
EXPENDITURES				
General Government				
City Council	\$72,125	\$72,125	\$68,607	(\$3,518)
Clerk of Council	61,020	65,520	63,537	(1,983)
City Manager	167,245	167,245	165,983	(1,262)
Human Resources	80,808	110,808	125,618	14,810
City Attorney	173,948	181,448	173,763	(7,685)
Real Estate Assessor	153,296	153,296	141,721	(11,575)
Commissioner of Revenue	180,797	182,180	171,609	(10,571)
Treasurer	209,625	212,035	215,248	3,213
Finance	418,275	418,275	395,128	(23,147)
Information Technologies	154,365	154,365	145,805	(8,560)
Auditing	98,905	98,908	114,155	15,247
Purchasing	162,985	162,985	90,034	(72,951)
Insurance & Risk Management	510,300	510,300	420,180	(90,120)
Employee Benefits	4,041,841	4,076,192	3,833,374	(242,818)
Board of Elections	25,441	25,603	22,113	(3,490)
Registrar	109,354	109,354	92,968	(16,386)
Total General Government	6,620,330	6,700,639	6,239,843	(460,796)
Judicial Administration				
Circuit Court	283,620	423,502	377,499	(46,003)
Magistrates			26	26
General District Court	52,714	59,714	60,605	891
Probation	7,443	7,443	4,881	(2,562)
Commonwealth's Attorney	416,605	512,129	469,481	(42,648)
Sheriff	467,905	540,208	512,423	(27,785)
Incarceration	2,220,100	2,250,600	2,153,627	(96,973)
Community Correction Services	80,000	80,000	80,000	
Community Diversion Services	63,143	63,143	62,661	(482)
Total Judicial Administration	3,591,530	3,936,739	3,721,203	(215,536)
Public Safety				
Bureau of Police	3,022,277	3,120,559	2,880,964	(239,595)
Bureau of Fire	2,396,011	2,450,539	2,439,393	(11,146)
Emergency Preparedness	3,788	3,788	2,608	(1,180)
Communications	1,117,818	1,187,818	1,009,375	(178,443)
Total Public Safety	6,539,894	6,762,704	6,332,340	(430,364)
Public Works				
Public Works Administration	131,492	131,492	102,695	(28,797)
Horticulture	75,217	75,217	61,835	(13,382)
Engineering Division	532,987	532,987	480,887	(52,100)
Street Maintenance	1,562,765	1,562,765	1,419,625	(143,140)
Building Maintenance	560,575	560,575	502,825	(57,750)
Traffic Engineering	208,649	208,649	203,612	(5,037)
Fleet Maintenance	244,485	244,485	239,755	(4,730)
Total Public Works	3,316,170	3,316,170	3,011,234	(304,936)
Health & Welfare				
Health	158,792	148,792	146,046	(2,746)
Welfare	230,361	230,361	316,255	85,894
Comprehensive Services	170,500	210,500	266,974	56,474
Total Health & Welfare	559,653	589,653	729,275	139,622
Parks, Recreation and Cultural				
Parks & Recreation	1,015,575	1,026,975	1,075,200	48,225
Agency on Aging	179,742	179,742	171,756	(7,986)
Violet Bank Museum	86,436	86,336	75,054	(11,282)
Library	528,722	528,722	526,021	(2,701)
Recreation Trips & Classes	202,500	200,800	218,135	17,335
Total Parks, Recreation and Cultural	2,012,975	2,022,575	2,066,166	43,591

Continued

	Original Budget	Final Budget	Actual	Variance from Final Budget Over/(Under)
Community Development				
Planning	\$182,800	\$182,800	\$184,537	\$1,737
Building Inspections	162,655	172,655	151,858	(20,797)
Industrial Development	51,000	103,000	100,000	(3,000)
Total Community Development	396,455	458,455	436,395	(22,060)
Education				
Appropriation to Component Unit	16,814,769	16,519,859	16,738,367	218,508
Grants				
Office on Youth	114,273	125,773	125,977	204
Better Beginnings Grant	5,000	5,000	5,956	956
Juvenile Crime Grant	96,539	96,539	115,931	19,392
Victim Witness Grant	55,830	55,830	54,669	(1,161)
Juvenile Domestic Violence Task Force			391	391
CDBG		116,360	139,030	22,670
Family Support Program		50,454	40,636	(9,818)
Total Grants	271,642	449,956	482,590	32,634
Nondepartmental				
Contributions & Subsidies	180,832	182,537	182,537	
Contingencies & Miscellaneous	281,875	89,905	100,653	10,748
Total Nondepartmental	462,707	272,442	283,190	10,748
Debt Service				
Principal Retirement	1,804,823	1,698,823	1,678,558	(20,265)
Interest and Fiscal Charges	1,039,295	1,039,295	904,782	(134,513)
Total Debt Service	2,844,118	2,738,118	2,583,340	(154,778)
Total General Fund Expenditures	43,430,243	43,767,310	42,623,943	(1,143,367)
Excess of Revenues over Expenditures	228,211	465,262	2,558,002	2,092,740
Other Financing Uses				
Transfers out				
Solid Waste Management	368,118	368,118	368,118	
Capital Projects Fund	150,000	906,800	908,500	
Total Transfers Out	518,118	1,274,918	1,276,618	1,700
Total Other Financing Uses	518,118	1,274,918	1,276,618	1,700
Net Change in Fund Balance	(289,907)	(809,656)	1,281,384	2,091,040
Fund Balance, Beginning of Year	5,211,086	4,109,544	8,527,366	4,417,822
Fund Balance, End of Year	\$4,921,179	\$3,299,888	\$9,808,750	\$6,508,862

The City adheres to the following procedures in establishing the budgetary data reflected in the Schedule of Revenues and Expenditures and Changes in Fund Balance.

1 Proposal – At least sixty days prior to June 30, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.

2 Adoption – Public hearings are conducted to obtain citizen comments on the proposed budget. Prior to July 1st, the budget is legally adopted at the departmental level through passage of an appropriation ordinance by City Council.

3 The City Manager is authorized to transfer amounts within departments, with any interdepartmental transfers being approved by City Council. During the year, \$1,093,867 in supplemental appropriations were approved by City Council. These amendments consisted primarily of appropriations of prior year encumbrances, the appropriation of designated fund balance, and the appropriation of additional intergovernmental grants received during the year.

4 Legal Compliance – Actual expenditures and operating transfers out may not legally exceed budget appropriations for each department. City Council legally adopts an annual budget for the General Fund. Its budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America except for the recognition of encumbrances, the classification of certain transfers as expenditures, and the consideration of beginning fund balance as a budgetary resource.

CITY OF COLONIAL HEIGHTS, VIRGINIA
Schedule of Revenues, Resources, Expenditures, Contract Commitments & Unobligated Balance (Project Basis)
For The Fiscal Year Ended June 30, 2007

Project Name	Revenues & Resources				Revised Budget	Expenditures & Contract Commitments				65
	Prior Years	Current	Transfers In/Out	Uncollected Future		Prior Years	Current	Contract Commitment	Unobligated Balance	
General Government										
Allocable to Incomplete Projects:										
Beautification Committee/Tourism	\$100,109	\$71,261	\$	\$6,300	\$177,670	\$90,109	\$7,743	\$	\$79,818	
Courts Building Needs Assessment	590,000				590,000	108,391	25,384	396,281	59,944	
Library Renovation	2,810,000		11,695		2,821,695	2,799,645	21,421		629	
Emergency Shelter - Power Modification	75,000		20,088		95,088	35,293	70,722		(10,927)	
Boulevard Redevelopment	235,000	50,000			285,000	90,310	90,993		103,697	
Total	3,810,109	121,261	31,783	6,300	3,969,453	3,123,748	216,263	396,281	233,161	
Total General Government	3,810,109	121,261	31,783	6,300	3,969,453	3,123,748	216,263	396,281	233,161	
Recreational Facilities										
Allocable to Incomplete Projects:										
Facilities Master Plan	30,000	301,500			331,500	19,200	76,135	27,502	208,663	
Violet Bank Museum	63,759				63,759	58,970			4,789	
Total	93,759	301,500			395,259	78,170	76,135	27,502	213,452	
Total Recreational Facilities	93,759	301,500			395,259	78,170	76,135	27,502	213,452	
Educational Facilities										
Allocable to Incomplete Projects:										
Asbestos Abatement/Renovations CHHS	1,050,000		40,000	1,090,000	1,001,165				88,835	
Transfer to School CIP Program			7,500,000	7,500,000					7,500,000	
Total Educational Facilities	1,050,000		7,540,000	8,590,000	1,001,165				7,588,835	
Streets & Bridges										
Allocable to Complete Projects:										
Meridian Ave Drainage	400,000				400,000	400,000				
Pickwick Avenue Reconstruction	318,380		(6,305)		312,075	312,075				
Total	718,380		(6,305)		712,075	712,075				

Project Name	Revenues & Resources				Expenditures & Contract Commitments				Unobligated Balance
	Prior Years	Current	Transfers In/(Out)	Uncollected Future	Revised Budget	Prior Years	Current	Contract Commitment	
Streets & Bridges (Cont'd)									
Allocable to Incomplete Projects:									
Boulevard Widening	453,798				453,798	412,716			41,082
Highway Construction-Local Share	12,561				12,561				12,561
Conduit Road Drainage Improvement	415,000		(14,694)		400,306	399,556			750
Boulevard Beautification	260,000				260,000	256,092			3,908
Stormwater Drainage Improvements	255,000				255,000	210,488			44,512
Temple Avenue - I-95 Ramp	560,000				560,000		563,000		(3,000)
Bruce Avenue Drainage	168,500			2,150,000	2,318,500	222,533	989,364	109,813	996,790
Lynchburg Avenue Reconstruction	350,000		(16,503)		333,497	332,447			1,050
Longhorn Drive Drainage	182,000		5,719		187,719	187,719			
Boulevard Widening	50,000			508,000	558,000	46,000	6,777	70,787	434,436
Access Road - Transfer Station	100,000				100,000	9,950	8,343	5,900	75,807
Boulevard Matching Grant	150,000				150,000				150,000
Lafayette Avenue Paving	90,000				90,000				21,500
Yacht Basin Storm Sewer	170,000				170,000				155,765
Lexington Storm Sewer	100,000				100,000				66,828
Total	2,956,859	360,000	(25,478)	2,658,000	5,949,381	2,077,501	1,683,391	186,500	2,001,989
Total Streets & Bridges	3,675,239	360,000	(31,783)	2,658,000	6,661,456	2,789,576	1,683,391	186,500	2,001,989
Utility Improvements									
Allocable to Complete Projects:									
Sanitary Sewer Rehabilitation	864,213				864,213	669,144	195,069		
Total	864,213				864,213	669,144	195,069		
Allocable to Incomplete Projects:									
Waterline Rehabilitation	763,291				763,291	722,052			41,239
Utility System Line Testing	300,000				300,000	293,257			6,743
Total	1,063,291				1,063,291	1,015,309			47,982
Total Utility Improvements	1,927,504				1,927,504	1,684,453	195,069		47,982
Total Capital Projects	10,556,611	782,761		10,204,300	21,543,672	8,677,112	2,170,858	610,283	10,085,419
Utility Improvements Related Projects	(1,927,504)				(1,927,504)	(1,684,453)	(195,069)		(47,982)
Non Project Related		150,000			150,000				
Total Projects - General Government	\$8,629,107	\$932,761	\$0	\$10,204,300	\$19,766,168	\$6,992,659	\$1,975,789	\$610,283	\$10,037,437

CITY OF COLONIAL HEIGHTS, VIRGINIA

Schedule of Bonds, Leases & Other Long-Term Liabilities

June 30, 2007

	Effective Interest Rate %	Interest Dates	Date Issued	Final Maturity Date	2007-08 Principal Payment	Amount of Long-Term Liabilities			
						Authorized	Issued	Retired	Outstanding
General Obligation Serial Bonds:									
General Improvement Series	1996	5.000	06/12/1	10/01/96	12/01/07	\$165,000	\$165,000		\$165,000
General Improvement Series	1996	5.100	06/12/1	10/01/96	12/01/08		175,000	175,000	175,000
General Improvement Series	1996	5.125	06/12/1	10/01/96	12/01/09		185,000	185,000	185,000
General Improvement Series	1996	5.250	06/12/1	10/01/96	12/01/10		195,000	195,000	195,000
General Improvement Series	1996	5.250	06/12/1	10/01/96	12/01/11		205,000	205,000	205,000
General Improvement Series	1998	3.750	06/12/1	10/01/98	12/01/07	275,000	275,000		275,000
General Improvement Series	1998	3.850	06/12/1	10/01/98	12/01/08		290,000	290,000	290,000
General Improvement Series	1998	3.900	06/12/1	10/01/98	12/01/09		300,000	300,000	300,000
General Improvement Series	1998	3.950	06/12/1	10/01/98	12/01/10		320,000	320,000	320,000
General Improvement Series	1998	4.000	06/12/1	10/01/98	12/01/11		335,000	335,000	335,000
General Improvement Series	1998	4.050	06/12/1	10/01/98	12/01/12		350,000	350,000	350,000
General Improvement Series	1998	4.100	06/12/1	10/01/98	12/01/13		370,000	370,000	370,000
General Improvement Series	2000	5.000	06/12/1	02/01/00	12/01/07	355,000	355,000		355,000
General Improvement Series	2000	5.000	06/12/1	02/01/00	12/01/08		370,000	370,000	370,000
General Improvement Series	2000	5.125	06/12/1	02/01/00	12/01/09		395,000	395,000	395,000
General Improvement Series	2000	5.150	06/12/1	02/01/00	12/01/10		415,000	415,000	415,000
General Improvement Series	2000	5.200	06/12/1	02/01/00	12/01/11		440,000	440,000	440,000
General Improvement Series	2000	5.250	06/12/1	02/01/00	12/01/12		465,000	465,000	465,000
General Improvement Series	2000	5.350	06/12/1	02/01/00	12/01/13		490,000	490,000	490,000
General Improvement Series	2000	5.350	06/12/1	02/01/00	12/01/14		520,000	520,000	520,000
General Improvement Series	2000	5.400	06/12/1	02/01/00	12/01/15		550,000	550,000	550,000
General Improvement Series	2002	3.000	06/12/1	10/01/02	12/01/07	\$385,000	\$385,000		\$385,000
General Improvement Series	2002	4.000	06/12/1	10/01/02	12/01/14		3,060,000	3,060,000	3,060,000
General Improvement Series	2002	4.150	06/12/1	10/01/02	12/01/15		510,000	510,000	510,000
General Improvement Series	2002	4.200	06/12/1	10/01/02	12/01/16		540,000	540,000	540,000
General Improvement Series	2002	4.300	06/12/1	10/01/02	12/01/17		565,000	565,000	565,000
General Improvement Series	2003	2.470	06/12/1	12/23/2003	06/30/10	420,000	1,300,000	1,300,000	1,300,000
General Improvement Series Total General Obligation Serial Bonds	2004	2.470	06/12/1	10/15/2004	06/30/19	355,000	5,795,000	5,795,000	5,795,000
						\$1,955,000	\$19,320,000	\$19,320,000	\$19,320,000

CITY OF COLONIAL HEIGHTS, VIRGINIA
Schedule of Bonds, Leases & Other Long-Term Liabilities
June 30, 2007

	Effective Interest Rate %	Interest Dates	Date Issued	Final Maturity Date	2007-08 Principal Payment	Amount of Long-Term Liabilities				
						Authorized	Issued	Retired	Outstanding	
Notes/Lease Payable										
Chesterfield Avenue Property	2005	5.020	08/1	10/15/2004	08/12/08	\$	\$3,970,300	\$3,970,300	\$	\$3,970,300
Equipment Purchase	2005	3.530	Quarterly	6/1/2005	06/01/07		150,000	150,000	57,746	
Equipment Purchase	2006	3.530	Quarterly	9/1/2006	06/15/11	24,533	129,837	129,837	24,678	105,159
Total Notes/Lease Payable										<u>4,075,459</u>
Accrued Leave										1,736,910
Retirement Incentive Program	1995	8.000	06/1	7/1/1995	06/30/24	666,398	35,214	1,453,849	1,453,849	655,374
Total Long-Term Liabilities										<u>\$25,930,844</u>
Allocation of Long-Term Liabilities by Fund:										
General										\$21,645,177
School										1,548,732
Enterprise										2,736,935
Total Long-Term Liabilities										<u>\$25,930,844</u>

CITY OF COLONIAL HEIGHTS, VIRGINIA
Schedule of Capital Assets By Function and Activity
June 30, 2007

Department	Total * Assets June 30, 2007	Land	Building & Structures	Equipment & Other Fixed Assets	Infrastructure	In Progress
Primary Government						
Tax Collections & Assessment	\$26,583	\$	\$	\$26,583	\$	\$
Financial Administration	23,056			23,056		
Board of Elections	102,495			102,495		
Judicial	455,380	60,000		261,605		133,775
Public Safety	6,765,022	204,000	3,202,725	3,358,297		
Public Works	29,537,686	2,900,249	7,387,606	299,271	16,926,677	2,023,883
Health & Social Services	94,957		94,957			
Parks & Recreation	2,375,081	1,155,125	933,483	191,337		95,135
Cultural Enrichment	65,573	12,500		53,073		
Library	3,465,420	24,847	3,071,845	368,728		
Non Departmental	316,873	316,873				
Total	<u>43,228,126</u>	<u>4,673,594</u>	<u>14,690,617</u>	<u>4,684,445</u>	<u>16,926,677</u>	<u>2,252,793</u>
Component Unit - School Board						
Education	11,110,058	1,090,102	8,982,516	1,037,440		
Total	<u>11,110,058</u>	<u>1,090,102</u>	<u>8,982,516</u>	<u>1,037,440</u>		
Total General Capital Assets	\$54,338,184	\$5,763,696	\$23,673,133	\$5,721,885	\$16,926,677	\$2,252,793

* Net of accumulated depreciation

CITY OF COLONIAL HEIGHTS, VIRGINIA
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 BALANCE SHEET - GOVERNMENTAL FUND
 June 30, 2007

	School Operating Fund
ASSETS	
Cash & Investments	\$4,162,536
Due from Primary Government	226,648
Due from Other Governments	1,430,394
Inventories	37,982
Other Assets	654
Total Assets	<u><u>\$5,858,214</u></u>
LIABILITIES	
Accounts Payable	\$221,251
Accrued Liabilities	2,674,795
Deferred Revenue	23,318
Total Liabilities	<u><u>2,919,364</u></u>
FUND BALANCE	
Reserved for:	
Inventories	37,982
Unreserved:	
Designated for Encumbrances	753,048
Designated for Subsequent Years' Expenditures	1,592,795
Undesignated	555,025
Total Fund Balance	<u><u>2,938,850</u></u>
Total Liabilities and Fund Balance	<u><u>\$5,858,214</u></u>
TOTAL FUND BALANCE	\$2,938,850
Amounts reported for the School Board's governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and are not reported in the funds - net.	11,110,058
Long-term liabilities are not due and payable in the current period and are not reported as liabilities in the governmental funds.	<u><u>(1,548,732)</u></u>
Net assets of the School Board's governmental activities	<u><u>\$12,500,176</u></u>

CITY OF COLONIAL HEIGHTS, VIRGINIA
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUND
 FOR THE YEAR ENDED JUNE 30, 2007

	School Operating Fund
REVENUES	
Charges for Services	\$563,298
Use of Money & Property	123,132
Intergovernmental	30,803,564
Miscellaneous	283,982
Total Revenues	<u>31,773,976</u>
EXPENDITURES	
Education	
Administrative	1,455,341
Instruction	23,220,426
School Plant	3,052,519
Transportation	615,117
Food Service	884,565
Purchase of Textbooks	148,662
Property, Plant & Materials	1,829,773
Total Expenditures	<u>31,206,403</u>
Net Change In Fund Balance	<u>567,573</u>
Fund Balance - Beginning of Year	<u>2,371,277</u>
Fund Balance - End of Year	<u>\$2,938,850</u>
Net Change In Fund Balance	\$567,573
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate the cost of those assets over the life of the asset.	
Expenditures for capital assets	1,017,186
Less depreciation expense	(669,874)
Some expenses reported in the in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in compensated absences	799,717
Change in retirement plan obligation	<u>422,605</u>
Change in net assets of governmental activities	<u>\$2,137,207</u>

CITY OF COLONIAL HEIGHTS, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SCHOOL OPERATING FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance from Final Budget Over/(Under)
REVENUES				
Charges for Services				
Cafeteria Charges	\$618,460	\$563,298	\$563,298	\$
Use of Money & Property				
Interest on Investments	20,600	121,684	123,132	1,448
Intergovernmental				
Appropriation from Primary Government	16,622,344	16,511,719	16,738,367	226,648
Commonwealth of Virginia				
Categorical Aid				
Basic School Aid	6,565,186	6,676,320	6,676,320	
State Sales Tax	2,766,447	2,618,603	2,597,513	(21,090)
Other	3,481,221	3,503,615	3,503,615	
Total Commonwealth of Virginia	<u>12,812,854</u>	<u>12,798,538</u>	<u>12,777,448</u>	<u>(21,090)</u>
Federal Government				
Categorical Aid				
Title I Grant	286,140	279,498	279,498	
Title VI B Grant	499,539	486,516	486,516	
Other	415,838	481,406	521,735	40,329
Total Federal Government	<u>1,201,517</u>	<u>1,247,420</u>	<u>1,287,749</u>	<u>40,329</u>
Total Intergovernmental	<u>30,636,715</u>	<u>30,557,677</u>	<u>30,803,564</u>	<u>245,887</u>
Miscellaneous				
Total Revenues	<u>31,445,266</u>	<u>31,526,641</u>	<u>31,773,976</u>	<u>247,335</u>
EXPENDITURES				
Education				
Administration	1,417,901	1,459,611	1,455,341	(4,270)
Instruction	23,833,739	23,296,093	23,228,165	(67,928)
School Plant	2,834,948	3,040,293	3,052,519	12,226
Transportation	575,909	615,559	615,117	(442)
Food Service	844,713	846,039	884,565	38,526
Purchase of Textbooks	168,195	188,657	148,662	(39,995)
Property, Plant & Materials	1,999,491	2,858,134	1,822,034	(1,036,100)
Total Expenditures	<u>31,674,896</u>	<u>32,304,386</u>	<u>31,206,403</u>	<u>(1,097,983)</u>
Net Change In Fund Balance	(229,630)	(777,745)	567,573	1,345,318
Fund Balance, Beginning of Year, as Restated	<u>579,630</u>	<u>1,377,745</u>	<u>2,371,277</u>	<u>993,532</u>
Fund Balance, End of Year	<u>\$350,000</u>	<u>\$600,000</u>	<u>\$2,938,850</u>	<u>\$2,338,850</u>

CITY OF COLONIAL HEIGHTS, VIRGINIA
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
June 30, 2007

	<u>Student Activity Funds</u>
Assets	
Cash & Investments	<u><u>\$269,155</u></u>
Liabilities	
Accounts Payable and Accrued Liabilities	<u><u>\$269,155</u></u>

P

CITY OF COLONIAL HEIGHTS, VIRGINIA
 Statement of Changes in Assets and Liabilities
 Agency Fund
 For The Year Ended June 30, 2007

Department	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Student Activity Funds				
Assets				
Cash and Pooled Investments	<u>\$318,391</u>	<u>\$687,355</u>	<u>\$736,591</u>	<u>\$269,155</u>
Liabilities				
Accounts Payable and Accrued Liabilities	<u>\$318,391</u>	<u>\$687,355</u>	<u>\$736,591</u>	<u>\$269,155</u>



This Page Intentionally Blank

STATISTICAL SECTION

STATISTICAL SECTION

CONTENTS

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

	Contents	Pages
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.	79 - 83	
Revenue Capacity		
These tables contain information to help the reader assess the City's most significant local revenue source, the property tax, as well as other revenue sources.	85 - 89	
Debt Capacity		
These tables present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	90 - 91	
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.	92 - 93	
Operating Information		
These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	94 - 96	

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

Table 1
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Net Assets by Component
 Last Five Years (1)
 (Accrual Basis of Accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Government Activities					
Invested in Capital Assets, Net					
of Related Debt	\$20,640,833	\$22,362,069	\$16,361,860	\$21,868,903	\$22,517,214
Restricted	4,127,313	2,307,079	3,750,571		
Unrestricted	12,065,070	13,198,259	8,096,607	7,078,261	9,554,692
Total Governmental Activities Net Assets	36,833,216	37,867,407	28,209,038	28,947,164	32,071,906
Business-Type Activities					
Invested in Capital Assets, Net					
of Related Debt	6,079,996	9,320,759	9,422,984	8,966,789	9,177,810
Unrestricted	3,126,722	164,326	261,242	992,359	810,543
Total Business-Type Activities Net Assets	9,206,718	9,485,085	9,684,226	9,959,148	9,988,353
Primary Government					
Invested in Capital Assets, Net					
of Related Debt	26,720,829	31,682,828	25,784,844	30,835,692	31,695,024
Restricted	4,127,313	2,307,079	3,750,571		
Unrestricted	15,191,792	13,362,585	8,357,849	8,070,620	10,365,235
Total Primary Government Net Assets	46,039,934	47,352,492	37,893,264	38,906,312	42,060,259
Component Unit					
Invested in Capital Assets, Net					
of Related Debt	8,080,974	8,219,461	10,907,129	10,762,746	11,110,058
Restricted	1,035,051	1,285,539	1,389,137		
Unrestricted	(1,835,312)	(1,809,782)	(1,997,775)	(399,777)	1,390,118
Total Component Unit	7,280,713	7,695,218	10,298,491	10,362,969	12,500,176
Total Reporting Entity					
Invested in Capital Assets, Net					
of Related Debt	34,801,803	39,902,289	36,691,973	41,598,438	42,805,082
Restricted	5,162,364	3,592,618	5,139,708		
Unrestricted	13,356,480	11,552,803	6,360,074	7,670,843	11,755,353
Total Reporting Entity	\$53,320,647	\$55,047,710	\$48,191,755	\$49,269,281	\$54,560,435

(1) The City began to report accrual information when it implemented GASB Statement 34 in Fiscal Year 2003

(2) Component unit net asset components are included in this table due to Public Schools being a significant portion of the City. In Virginia, the City issues debt to finance the construction of school facilities, since the School Board does not have borrowing or taxing authority.

Table 2
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Changes in Net Assets by Component
 Last Five Years (1)
 (Accrual Basis of Accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities					
General Government	\$4,574,346	\$4,852,767	\$7,321,447	\$6,389,754	\$6,631,282
Judicial Administration	3,381,683	3,514,009	3,755,313	3,618,242	3,758,743
Public Safety	5,349,513	7,140,873	5,972,139	6,611,272	6,603,707
Public Works	6,351,670	4,162,560	4,791,051	3,705,174	3,488,051
Health & Welfare	518,825	491,837	571,565	727,289	905,641
Parks, Recreation and Cultural	1,830,344	1,778,567	600,181	2,049,025	1,755,411
Community Development	255,761	349,923	301,989	367,863	575,426
Education	13,966,901	14,372,467	15,451,926	15,886,549	16,738,367
Interest	843,306	773,455	790,506	972,251	911,350
Grants	276,981	281,149	296,790		
Nondepartmental	277,755	469,497	355,625		
Total Governmental Activities	37,627,085	38,187,104	40,208,532	40,327,419	41,367,978
Business-Type Activities					
Water & Sewer	3,627,421	3,757,669	3,708,566	3,999,152	3,962,952
Solid Waste				1,196,750	1,292,339
Total Business-Type Activities	3,627,421	3,757,669	3,708,566	5,195,902	5,255,291
Total Primary Government	\$41,254,506	\$41,944,773	\$43,917,098	\$45,523,321	\$46,623,269
Program Revenues					
Charges for Service					
Refuse Collection	\$555,321	\$560,130	\$585,869	\$	\$
Parks & Recreation	162,554	132,109	208,188	290,542	234,477
Other Activities	653,784	1,110,040	1,035,840	1,074,769	5,068,830
Operating Grants and Contributions	4,753,488	4,643,676	5,801,543	4,587,798	4,732,453
Capital Grants and Contributions	200,000		720,042	190,254	
Total Governmental Activities	6,325,147	6,445,955	8,351,482	6,143,363	10,035,760
Business-Type Activities					
Charges for Services					
Water & Sewer	3,681,958	4,021,033	3,877,189	3,751,822	3,842,186
Solid Waste				816,533	1,042,343
Total Business-Type Activities	3,681,958	4,021,033	3,877,189	4,568,355	4,884,529
Total Primary Government	\$10,007,105	\$10,466,988	\$12,228,671	\$10,711,718	\$14,920,289

	Fiscal Year				
	2003	2004	2005	2006	2007
Net(Expense)/Revenue					
Governmental Activities	(\$31,301,938)	(\$31,741,149)	(\$31,857,050)	(\$34,184,056)	(\$31,332,218)
Business-Type Activities	54,537	263,364	168,623	(627,547)	(370,762)
Total Primary Government Net Expense	<u>(\$31,247,401)</u>	<u>(\$31,477,785)</u>	<u>(\$31,688,427)</u>	<u>(\$34,811,603)</u>	<u>(\$31,702,980)</u>
General Revenues and Other Changes in Net Assets:					
Government Activities					
Taxes:					
Real Estate and Personal Property Taxes	\$13,517,774	\$12,559,770	\$12,933,385	\$16,437,184	\$18,259,813
Sales Tax	5,890,153	6,567,401	6,664,763	7,027,037	7,350,271
Food & Lodging Tax	3,099,756	3,416,835	3,682,747	4,241,906	4,335,522
Other Local Taxes	3,315,429	4,594,719	4,980,434	2,017,427	1,983,102
Intergovernmental, Non-categorical Aid	4,048,833	5,479,791	4,728,775	4,884,469	1,868,699
Use of Money and Property	114,649	125,024	124,939	461,199	692,864
Miscellaneous	3,078	31,800	3,785	355,460	334,807
Transfers				(502,500)	(368,118)
Total General Activities	<u>29,989,672</u>	<u>32,775,340</u>	<u>33,118,828</u>	<u>34,922,182</u>	<u>34,456,960</u>
Business-Type Activities					
Use of Money and Property	12,089	9,655	26,155	48,233	31,849
Miscellaneous	5,023	5,348	4,363	351,736	
Transfers				502,500	368,118
Total Business-Type Activities	<u>17,112</u>	<u>15,003</u>	<u>30,518</u>	<u>902,469</u>	<u>399,967</u>
Total Primary Government	<u>\$30,006,784</u>	<u>\$32,790,343</u>	<u>\$33,149,346</u>	<u>\$35,824,651</u>	<u>\$34,856,927</u>
Change in Net Assets					
Government Activities	(\$1,312,266)	\$1,034,191	\$1,261,778	\$738,126	\$3,124,742
Business-Type Activities	71,649	278,367	199,141	274,922	29,205
Total Primary Government	<u>(\$1,240,617)</u>	<u>\$1,312,558</u>	<u>\$1,460,919</u>	<u>\$1,013,048</u>	<u>\$3,153,947</u>
Component Unit					
Expenses					
Education	\$23,741,514	\$24,756,429	\$27,386,942	\$28,907,895	\$29,636,769
Program Revenues					
Charges for Services	546,926	541,121	559,653	551,513	563,298
Operating Grants and Contributions	9,546,452	10,115,226	11,880,916	12,258,200	14,065,197
Total Component Unit Program Revenues	<u>10,093,378</u>	<u>10,656,347</u>	<u>12,440,569</u>	<u>12,809,713</u>	<u>14,628,495</u>
Net Expense	<u>(13,648,136)</u>	<u>(14,100,082)</u>	<u>(14,946,373)</u>	<u>(16,098,182)</u>	<u>(15,008,274)</u>
General Revenues and Other Changes in Net Assets					
Contribution From Primary Government	13,865,339	14,292,025	14,484,413	15,886,549	16,738,367
Use of Money and Property	16,543	7,948	22,084	70,338	283,982
Miscellaneous	178,593	214,614	218,320	205,773	123,132
Total General Revenues	<u>14,060,475</u>	<u>14,514,587</u>	<u>14,724,817</u>	<u>16,162,660</u>	<u>17,145,481</u>
Total Component Unit Change in Net Assets	<u>\$412,339</u>	<u>\$414,505</u>	<u>(\$221,556)</u>	<u>\$64,478</u>	<u>\$2,137,207</u>

(1) The City began to report accrual information when it implemented GASB Statement 34 in Fiscal Year 2003.

(2) Component unit change in net assets is included in this Schedule due to School Board being a significant portion of the City.

Table 3
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$675,136	\$614,192	\$502,682	\$1,239,337	\$904,785	\$934,635	\$868,769	\$907,105	\$42,867	\$50,977
Unreserved										
Designated	168,952	445,312	627,021	684,749	641,702	678,431	289,099	613,629	1,386,363	1,251,658
Undesignated	3,504,384	3,938,624	3,310,424	3,425,767	4,133,116	5,083,503	6,508,185	6,979,994	7,098,136	8,506,115
Total General Fund	<u>\$4,348,472</u>	<u>\$4,998,128</u>	<u>\$4,440,127</u>	<u>\$5,349,853</u>	<u>\$5,679,603</u>	<u>\$6,696,569</u>	<u>\$7,666,053</u>	<u>\$8,500,728</u>	<u>\$8,527,366</u>	<u>\$9,808,750</u>
Other Governmental Funds										
Reserved	\$609,565	\$3,034,367	\$1,150,237	\$1,571,347	\$1,844,780	\$1,623,941	\$1,149,211	\$2,229,837	\$	\$
Unreserved										
Designated										
Capital Projects Fund			4,639,045	858,785		890,307		544,626	844,134	610,283
Special Revenue Fund				2,240	58,222					
Undesignated										
Capital Projects Fund	798,280	68,758		20,900	(2,595,874)		(1,202,086)		477,883	(331,293)
Special Revenue Fund	10,340	14,448	41,840	31,050						
Total Other Governmental Funds	<u>\$1,418,185</u>	<u>\$3,117,573</u>	<u>\$5,831,122</u>	<u>\$2,484,322</u>	<u>(\$692,872)</u>	<u>\$2,514,248</u>	<u>(\$52,875)</u>	<u>\$2,774,463</u>	<u>\$1,322,017</u>	<u>\$278,990</u>
Total Governmental Funds	<u>\$5,766,657</u>	<u>\$8,115,701</u>	<u>\$10,271,249</u>	<u>\$7,834,175</u>	<u>\$4,986,731</u>	<u>\$9,210,817</u>	<u>\$7,613,178</u>	<u>\$11,275,191</u>	<u>\$9,849,383</u>	<u>\$10,087,740</u>

Table 4
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Changes in Fund Balances, Governmental Funds
 Last Ten Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
REVENUES:										
Taxes	\$21,956,270	\$22,941,559	\$23,390,152	\$25,109,333	\$26,328,081	\$25,595,706	\$26,919,287	\$28,261,329	\$30,234,997	\$32,274,076
Fines and Forfeitures	227,467	261,712	249,886	249,349	262,745	397,597	409,557	376,808	371,758	490,709
Charges for Services	786,670	863,270	857,036	877,352	879,578	1,378,187	1,802,279	1,829,897	1,365,311	1,511,128
Licenses, Permits & Fees	2,279,141	2,311,201	2,466,046	2,561,365	2,507,888	2,670,789	2,875,358	3,132,472	3,027,272	3,301,470
Use of Money & Property	334,942	332,569	441,428	438,261	203,188	185,782	137,520	139,710	461,199	692,864
Intergovernmental	2,978,354	3,128,302	3,591,230	3,625,437	4,205,252	5,375,715	6,549,877	6,116,070	6,244,696	6,601,152
Miscellaneous	46,666	82,694	270,457	291,498	477,048	443,094	391,150	1,451,991	355,460	334,807
Total Revenues	28,609,510	29,921,307	31,266,235	33,152,595	34,863,780	36,046,870	39,085,028	41,308,277	42,060,693	45,206,206
EXPENDITURES:										
General Government	4,263,953	4,530,926	4,540,499	4,126,216	4,414,060	4,567,021	4,858,581	5,665,459	5,843,080	6,239,843
Judicial Administration	1,910,301	2,352,042	2,471,429	2,756,064	2,958,322	3,375,299	3,485,152	3,747,335	3,436,278	3,721,203
Public Safety	3,598,233	3,674,681	4,026,783	4,193,274	4,745,055	5,291,608	6,482,889	5,846,292	6,043,497	6,332,340
Public Works	2,580,860	2,598,809	2,746,422	3,210,728	3,361,541	3,461,989	3,466,254	3,859,187	2,790,479	3,011,234
Health & Welfare	479,645	378,287	323,230	542,959	401,637	529,610	495,984	567,767	687,192	729,275
Parks, Recreation and Cultural	1,378,843	1,412,948	1,545,028	1,630,995	1,815,459	1,758,692	1,740,889	1,823,671	1,957,122	2,066,166
Community Development	219,166	222,200	216,486	211,608	228,045	252,158	253,888	298,240	326,325	436,395
Education	10,607,949	11,069,646	11,674,137	12,273,233	12,851,599	13,458,676	13,810,518	14,554,047	15,886,549	16,738,367
Grants	285,489	310,721	315,810	337,568	394,596	277,377	281,149	292,285	353,295	482,590
Nondepartmental	206,301	170,715	505,595	251,258	758,047	274,717	361,514	355,625	286,130	283,190
Debt Service:										
Principal Retirement	1,500,322	1,689,045	1,812,612	1,898,066	1,682,034	1,324,012	1,665,094	1,823,295	2,325,414	1,678,558
Interest and Fiscal Charges	692,082	746,406	788,100	812,062	782,127	829,641	778,842	837,357	786,285	904,782
Bond Issuance Costs						48,614	3,000	3,000		
Capital Outlays	864,610	1,536,837	4,019,557	3,345,638	3,365,702	2,357,980	2,998,913	3,627,702	6,232,656	1,975,789
Total Expenditures	28,587,754	30,693,263	34,985,688	35,589,669	37,758,224	37,807,394	40,682,667	43,301,262	46,954,302	44,599,732
Excess (Deficiency) of Revenues Over(Under) Expenditures	21,756	(771,956)	(3,719,453)	(2,437,074)	(2,894,444)	(1,760,524)	(1,597,639)	(1,992,985)	(4,893,609)	606,474
Other Financing Sources (Uses)										
Bonds Issued		3,103,000	5,875,000			5,425,000		5,655,000	3,970,300	
Capital Leases		18,000								
Transfers In	1,622,767	188,658	874,381	80,408	211,222	8,000	431,788	80,000	766,150	908,500
Transfers Out	(1,622,767)	(188,658)	(874,380)	(80,408)	(164,222)	(8,000)	(431,788)	(80,000)	(1,268,650)	(1,276,618)
Total Other Financing Sources (Uses)		3,121,000	5,875,001		47,000	5,425,000		5,655,000	3,467,800	(368,118)
Net Change in Fund Balances	\$21,756	\$2,349,044	\$2,155,548	(\$2,437,074)	(\$2,847,444)	\$3,664,476	(\$1,597,639)	\$3,662,015	(\$1,425,809)	\$238,356

Table 4
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Changes in Fund Balances, Governmental Funds
 Last Ten Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt Service as a Percentage of Non-Capital Expenditures					
Primary Government					
Total Debt Service	\$2,153,653	\$2,443,936	\$2,660,652	\$3,111,699	\$2,583,340
Total Expenditures	37,807,394	40,682,669	43,301,262	46,954,302	44,599,732
Capital Outlay Primary Government Only	<u>(1,216,776)</u>	<u>(3,099,812)</u>	<u>(3,225,624)</u>	<u>(6,703,133)</u>	<u>(4,353,934)</u>
Non-Capital Expenditures	<u>36,590,618</u>	<u>37,582,857</u>	<u>40,075,638</u>	<u>40,251,169</u>	<u>40,245,798</u>
Debt Service as a Percentage of Non-Capital Expenditures - Primary Government Only	<u>5.89%</u>	<u>6.50%</u>	<u>6.64%</u>	<u>7.73%</u>	<u>6.42%</u>
Component Unit - Public Schools					
School Expenditures Excluding City Contribution	10,290,762	10,717,984	12,513,816	13,021,346	14,468,036
Capital Outlay - Public Schools	<u>(1,711,402)</u>	<u>(683,313)</u>	<u>(349,214)</u>	<u>(509,001)</u>	<u>(1,017,186)</u>
Non-Capital Expenditures	<u>8,579,360</u>	<u>10,034,671</u>	<u>12,164,602</u>	<u>12,512,345</u>	<u>13,450,850</u>
Total Reporting Entity					
Total Debt Service	\$2,153,653	\$2,443,936	\$2,660,652	\$3,111,699	\$2,583,340
Total Non-Capital Expenditures	<u>45,169,978</u>	<u>47,617,528</u>	<u>52,240,240</u>	<u>52,763,514</u>	<u>53,696,648</u>
Debt Service as a Percentage of Non-Capital Expenditures - Total Reporting Entity	<u>4.77%</u>	<u>5.13%</u>	<u>5.09%</u>	<u>5.90%</u>	<u>4.81%</u>

The City implemented GASB 34 in fiscal year 2003. Therefore, ten years of data is not available but will be accumulated over time. Debt service as a percentage of non-capital expenditures is calculated only from FY 2003 for that reason.

In Virginia, the City issues debt to finance school projects because Public Schools do not have taxing or borrowing authority, therefore the debt service payments related to School projects are presented as debt service of the component unit. Debt service as a percentage of noncapital expenditures for the Total Reporting Entity more appropriately reflects the Virginia school debt requirement.

Prior to the implementation of GASB 34, the City's contribution to Public Schools was reported as a transfer out. Implementation of GASB 34 required that the contribution to Public Schools be reported as Education Expenditures. For comparability FY 1998 through FY 2002 have been restated to reflect contribution to Public Schools as Education Expenditures.

Table 5
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Assessed Value and Actual Value of Taxable Property
 Last Ten Calendar Years

Fiscal Year	Real Property			Public Service (2)	Public Safety	Total
	Residential Property (1)	Multi-Family Property	Commercial Property			
2007	\$829,706,600	\$85,303,900	\$462,662,600	\$28,857,670	\$	\$1,406,530,770
2006	814,763,800	85,367,800	445,687,100	28,182,168		1,374,000,868
2005	693,044,400	42,963,900	399,365,900	30,383,492	3,457,900	1,169,215,592
2004	681,053,100	42,963,900	384,550,700	31,003,999	3,457,900	1,143,029,599
2003	683,159,900	38,005,200	346,457,300	32,250,270	3,457,900	1,103,330,570
2002	625,789,300	34,254,700	340,626,600	32,338,602	6,760,500	1,039,769,702
2001	567,063,500	31,040,300	319,052,900	31,622,949	5,580,300	954,359,949
2000	559,964,500	31,008,100	307,983,800	29,317,184	282,000	928,555,584
1999	526,348,180	30,481,000	284,955,600	28,363,415		870,148,195
1998	517,248,580	28,399,300	280,482,900	25,683,868		851,814,648

(1) Assessed at 100% of fair market value, which is estimated actual value.

(2) Based on valuations established by the State Corporation Commission.

Table 6
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Direct Tax Rates
 Last Ten Calendar Years
 (rate per \$1,000 of assessed value)

Year	Real Property	Public Service	Public Safety
2007	\$1.18	\$1.18	\$0.24
2006	1.18	1.18	0.24
2005	1.20	1.20	0.24
2004	1.20	1.20	0.24
2003	1.20	1.20	0.24
2002	1.20	1.20	0.24
2001	1.20	1.20	0.20
2000	1.20	1.20	
1999	1.20	1.20	
1998	1.20	1.20	

Table 7
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Principal Property Tax Payers
 Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2007			Fiscal Year 1998		
	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Southpark Mall, LLC	\$68,098,628	1	4.84 %	\$50,856,037	1	4.57 %
Roslyn Farms Corporation	33,468,932	2	2.38	19,354,418	3	1.73
Wal-Mart Properties Inc	24,388,046	3	1.73	22,666,695	2	2.34
Roslyn Farms Associates LP	22,252,300	4	1.58	16,808,700	4	1.50
Home Depot, USA	11,377,282	5	0.81			
Colonial Square Inc.	11,205,200	6	0.80	7,241,000	10	0.65
Faison-Colonial Retail Assoc., Etc.	11,036,207	7	0.78	11,104,320	6	0.99
Verizon - Virginia Inc.	10,789,934	8	0.77	12,074,564	5	1.07
VA Electric & Power Co.	10,041,876	9	0.71	8,465,883	7	0.76
Southpark Hotel, LLC	9,799,382	10	0.70			
J C Penney Prop., Inc.				7,454,074	8	0.81
Dayton Hudson Corp.				7,276,523	9	0.79

Schedule 8
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Property Tax Levies and Collections
 Last Ten Years

Calendar Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections (2)	Total Tax Collections	Total Collections As Percent of Current Levy	Delinquent Taxes
1997	\$12,927,582	\$12,741,874	98.56%	\$185,704	\$12,927,578	100.00%	\$4
1998	13,092,672	12,870,063	98.30	222,605	13,092,668	100.00	4
1999	13,222,091	12,999,483	98.32	222,604	13,222,087	100.00	4
2000	14,835,009	14,562,337	98.16	272,668	14,835,005	100.00	4
2001	15,098,012	14,836,049	98.26	261,959	15,098,008	100.00	4
2002	15,954,376	15,721,019	98.54	233,353	15,954,372	100.00	4
2003	16,419,584	16,249,275	98.96	169,763	16,419,037	100.00	547
2004	17,300,956	17,138,769	99.06	154,502	17,293,270	99.96	7,686
2005	17,928,594	17,764,522	99.08	69,703	17,834,225	99.47	29,735
2006	20,214,991	20,031,441	99.09	68,096	20,099,537	99.43	115,454

(1) Based on tax year beginning January 1st and ending December 31st.

(2) Does not include penalties and interest.

Table 9
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Taxable Sales by Category
 Last Ten Calendar Years
 (in thousands of dollars)

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Apparel	\$32,449	\$31,441	\$40,022	\$44,326	\$42,799	\$44,509	\$43,858	\$49,014	\$40,413	\$85,969
Automotive	21,494	18,086	17,494	17,823	22,239	24,061	24,829	24,735	23,187	24,227
Food	74,446	75,331	80,735	88,463	86,202	87,714	91,310	92,098	85,495	49,300
Furniture, Home Furnishings & Equipment	18,896	19,775	20,045	19,117	42,726	45,764	51,901	52,337	31,649	57,665
General Merchandise	229,068	246,155	227,605	250,949	248,094	254,681	264,190	269,381	227,277	234,775
Machinery, Equipment & Supplies	3,373	3,773	4,257	5,706	6,684	6,696	6,877	8,608	6,228	42,413
Miscellaneous	78,723	90,338	91,727	101,356	93,904	100,299	108,466	123,636	162,351	176,341
Total	<u>458,449</u>	<u>484,899</u>	<u>481,885</u>	<u>527,740</u>	<u>542,648</u>	<u>563,724</u>	<u>591,431</u>	<u>619,809</u>	<u>576,600</u>	<u>670,690</u>
City Direct Local Option Sales Tax	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Source: Virginia Department of Taxation

Notes: Retail sales information is not available on a fiscal-year basis

Retail sales information from Virginia Department of Taxation starting on August 1, 2005 was changed to NAICS codes and classifications may differ from prior reporting

There is no overlapping government taxation

Table 10
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Taxable Sales by Category
 Calendar Years 1997 and 2006
 (taxable sales in thousands of dollars)

	Calendar Year 1997				Calendar Year 2006			
	Number of Filers	Percentage of Total	Taxable Sales	Percentage of Total	Number of Filers	Percentage of Total	Taxable Sales	Percentage of Total
Apparel	53	7.9 %	\$32,449	4.8	105	15.6 %	\$85,969	12.8
Automotive	40	5.9	21,494	3.2	18	2.7	24,227	3.6
Food	96	14.3	74,446	11.1	77	11.4	49,300	7.4
Furniture, Home Furnishings & Equipment	33	4.9	18,896	2.8	25	3.7	57,665	8.6
General Merchandise	54	8.0	229,068	34.2	80	11.9	234,775	35.0
Machinery, Equipment & Supplies	27	4.0	3,373	0.5	19	2.8	42,413	6.3
Miscellaneous	284	42.2	78,723	11.7	349	51.9	176,341	26.3
Total	587	87.2	458,449	68.4	673	100.0	670,690	100.0
City Direct Local Option Sales Tax	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Source: Virginia Department of Taxation

Notes: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. Fiscal year information is not available.

Table 11

CITY OF COLONIAL HEIGHTS, VIRGINIA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

60

Fiscal Year	Government Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Debt Per Capita a.
	General Obligation Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Capital Leases				
1998	\$12,096,798	\$100,000	\$134,798	\$2,643,202	\$		\$14,974,798	0.15%	\$911
1999	13,618,337	50,000	95,214	3,196,663			16,960,214	0.14%	1,013
2000	17,793,180		30,642	2,941,820			20,765,642	0.12%	1,229
2001	15,924,321		1,609	2,570,679			18,496,609	0.14%	1,095
2002	14,243,858			2,241,142			16,485,000	0.16%	975
2003	18,344,846			3,065,154			21,410,000	0.13%	1,239
2004	16,762,877			2,767,123			19,530,000	0.15%	1,118
2005	20,594,582	150,000		3,265,418			24,010,000	0.12%	1,367
2006	18,361,424	4,028,046		2,853,576			25,243,046	*	1,428
2007	16,740,612	3,970,300		2,579,388		105,159	23,395,459	*	1,324

* Unavailable

a Population data can be found in Table 13

Table 12
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Legal Debt Margin Information
 Last Ten Fiscal Years

	Assessed Value of Property ^b	Fiscal Year				
		1998	1999	2000	2001	2002
Assessed Value of Property ^b	<u>\$851,814,648</u>	<u>\$870,148,195</u>	<u>\$928,555,584</u>	<u>\$954,359,949</u>	<u>\$1,039,769,702</u>	
Debt Limit, 10% of Assessed Value (Statutory Limitation)	\$85,181,465	\$87,014,820	\$92,855,558	\$95,435,995	\$103,976,970	
Amount of Debt Applicable to Limit General Obligation Bonds	<u>14,840,000</u>	<u>16,865,000</u>	<u>20,735,000</u>	<u>18,495,000</u>	<u>16,485,000</u>	
Legal Debt Margin	<u>\$70,341,465</u>	<u>\$70,149,820</u>	<u>\$72,120,558</u>	<u>\$76,940,995</u>	<u>\$87,491,970</u>	
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>17.42%</u>	<u>19.38%</u>	<u>22.33%</u>	<u>19.38%</u>	<u>15.85%</u>	
Per Capita ^a	<u>\$903</u>	<u>\$1,008</u>	<u>\$1,227</u>	<u>\$1,095</u>	<u>\$975</u>	
Assessed Value of Property ^b	2003	2004	2005	2006	2007	
	<u>\$1,103,330,570</u>	<u>\$1,143,029,599</u>	<u>\$1,169,215,592</u>	<u>\$1,374,000,868</u>	<u>\$1,406,530,770</u>	
Debt Limit, 10% of Assessed Value (Statutory Limitation)	\$110,333,057	\$114,302,960	\$116,921,559	\$137,400,087	\$140,653,077	
Amount of Debt Applicable to Limit General Obligation Bonds	<u>21,410,000</u>	<u>19,530,000</u>	<u>23,860,000</u>	<u>21,250,000</u>	<u>19,320,000</u>	
Legal Debt Margin	<u>\$88,923,057</u>	<u>\$94,772,960</u>	<u>\$93,061,559</u>	<u>\$116,150,087</u>	<u>\$121,333,077</u>	
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>19.40%</u>	<u>17.09%</u>	<u>20.41%</u>	<u>15.47%</u>	<u>13.74%</u>	
Debt Per Capita ^a	<u>\$1,239</u>	<u>\$1,118</u>	<u>\$1,358</u>	<u>\$1,202</u>	<u>\$1,093</u>	

Notes: Details Regarding the City's outstanding debt can be found in the notes to the financial statements

^a Population data can be found in Table 13

^b Assessed value of property an be found in Table 5

Table 13
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Demographic and Economic Statistics
 Last Ten Years

Fiscal Year	Population	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
1998	16,431 (1)	\$1,712,855	\$22,541	2,772	2.80 %
1999	16,735 (1)	1,766,389	23,416	2,724	2.40
2000	16,901 (4)	1,840,515	24,501	2,718	2.20
2001	16,897 (4)	1,906,280	25,504	2,701	3.20
2002	16,900 (4)	1,972,246	26,328	2,747	4.30
2003	17,286 (4)	2,037,000	27,155	2,702	4.50
2004	17,465 (4)	2,097,000	28,711	2,754	4.00
2005	17,567 (4)	2,190,000	29,141	2,813	4.00
2006	17,676 (4)	*	*	2,848	3.30
2007	17,676 (*)	*	*	2,856	3.30

Sources:

- 1 Weldon Cooper Center for Public Service
- 2 Bureau of Economic Analysis - Combined area of City of Colonial Heights,
City of Petersburg and Dinwiddie County
- 3 City of Colonial Heights Public Schools
- 4 Virginia Employment Commission

* Unavailable

Table 14
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Principal Employers
 Current Year and Nine Years Ago

Employer	Fiscal Year 2007		Fiscal Year 1998	
	Employees	Rank	Employees	Rank
Wal Mart	500 to 900	1	500 to 999	1
Colonial Heights School Board	500 to 999	2	250 to 499	2
City of Colonial Heights	250 to 499	3		3
Ukrop's Super Markets	250 to 499	4		8
Colonial Heights Convalescent Home	100 to 249	5	100 to 249	6
Best Buy	100 to 249	6		
J.C. Penney Corporation, Inc	100 to 249	7	100 to 249	5
Macy's Department Store	100 to 249	8		
Target Division of Dayton Huds Corp.	100 to 249	9	100 to 249	9
The Home Depot	100 to 249	10		
K-Mart Corporation			100 to 249	10
May Department Stores Company			100 to 249	7
Sears Roebuck & Company			100 to 249	4

Table 15
CITY OF COLONIAL HEIGHTS, VIRGINIA
Full Time Employees
Last Ten Fiscal Years

	28	28	29	29	29	29	29	29	29	29	31
Parks, Recreation and Cultural											
Parks & Recreation	11	11	11	11	11	11	11	11	11	11	11
Agency on Aging	4	4	4	5	5	5	5	5	5	5	5
Horticulture											
Museum	1	1	1	1	1	1	1	1	1	1	1
Library	7	7	7	7	8	8	7	7	7	7	7
Total	23	23	23	24	25	25	24	24	25	25	25
Community Development											
Planning	1	1	1	1	2	2	2	2	2	2	2
Inspections	4	4	4	4	3	3	3	3	3	3	3
Total	5	5	5	5	5	5	5	5	5	5	5
Grants											
Office on Youth	2	2	2	2	2	2	2	2	2	2	2
Juvenile Crime	1	2	2	2	2	2	2	2	2	2	2
Victim Witness	1	1	1	1	1	1	1	1	1	1	1
Total	4	5	5	5	5	5	5	5	5	5	5
Total	186	188	198	205	206	220	220	221	228	232	

Table 16
 CITY OF COLONIAL HEIGHTS, VIRGINIA
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>General Government</u>										
Registered Voters	9,799	10,016	10,878	10,890	11,089	11,089	11,001	11,569	11,512	11,433
Structures										
Detached	5,738	5,797	5,797	5,797	5,855	5,929	5,966	6,057	6,057	6,140
Duplex	296	298	298	298	177	180	180	183	183	180
Multifamily	846	962	962	962	1,141	1,141	1,141	1,201	1,201	1,211
Parcel with Elderly/Disabled										
Exemptions	228	231	235	226	261	280	286	284	293	325
<u>Judicial Administration</u>										
Average Daily Jail Population	78	81	96	110	118	131	147	139	118	124
<u>Public Safety</u>										
Volunteers	36	35	30	30	30	33	42	38	41	55
<u>Education</u>										
Elementary Schools	3	3	3	3	3	3	3	3	3	3
Secondary Schools	2	2	2	2	2	2	2	2	2	2
Vocational Buildings	1	1	1	1	1	1	1	1	1	1
Teacher & Administrators	242	242	237	237	241	253	273	271	282	282
Other employees	213	215	247	248	265	270	282	307	287	304
<u>Library</u>										
Library Volumes in Collection	50,000	60,000	60,000	60,000	61,000	61,000	61,000	61,000	63,641	64,736
<u>Community Development</u>										
Building Permits Issued- Calendar	560	531	435	272	284	277	273	241	272	n/a
Value	\$16,094,052	\$13,546,785	\$17,226,981	\$11,608,618	\$13,879,595	\$19,047,068	\$14,652,954	\$17,242,824	\$18,932,440	n/a