

CITY OF PETERSBURG, VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2023

City of Petersburg, Virginia
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

Prepared By:

Department of Finance

CITY OF PETERSBURG, VIRGINIA

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
<u>FRONT COVER</u>	1
<u>INTRODUCTORY SECTION</u>	
Title Page	2
Table of Contents	3-5
Directory of Principal Officials	6
Organizational Chart	7
Letter of Transmittal	8-10
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	11-13
Management's Discussion and Analysis	14-16
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	19
Exhibit 2 Statement of Activities	20-21
Fund Financial Statements:	
Exhibit 3 Balance Sheet-Governmental Funds	23
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	24
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities-Governmental Funds	25
Exhibit 6 Statement of Net Position—Proprietary Funds	26
Exhibit 7 Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds	27
Exhibit 8 Statement of Cash Flows-Proprietary Funds	28
Exhibit 9 Statement of Fiduciary Net Position—Fiduciary Funds	29
Exhibit 10 Statement of Changes in Fiduciary Net Position—Fiduciary Funds	30
Notes to Financial Statements	31-93

CITY OF PETERSBURG, VIRGINIA

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS

(Continued)

		<u>Page</u>
<u>FINANCIAL SECTION: (CONTINUED)</u>		
<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>		
Exhibit 11	Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	95
Exhibit 12	Schedule of Changes in Net Pension Liability and Related Ratios—Pension Plans	96-97
Exhibit 13	Schedule of Employer Contributions—Pension Plans	98
Exhibit 14	Notes to Required Supplementary Information—Pension Plans	99
Exhibit 15	Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios	100
Exhibit 16	Notes to Required Supplementary Information—City OPEB	101
Exhibit 17	Schedule of City’s Share of Net OPEB Liability—Group Life Insurance (GLI) Plan	102
Exhibit 18	Schedule of Employer Contributions—Group Life Insurance Plan (GLI) Plan	103
Exhibit 19	Notes to Required Supplementary Information—Group Life Insurance Plan (GLI) Plan	104
Exhibit 20	Schedule of Employer’s Share of Net LODA OPEB Liability—LODA	105
Exhibit 21	Schedule of Employer Contributions—LODA	106
Exhibit 22	Notes to Required Supplementary Information—LODA	107
<u>OTHER SUPPLEMENTARY INFORMATION:</u>		
Combining and Individual Fund Financial Statements and Schedules		
Exhibit 23	Combining Balance Sheet—Nonmajor Governmental Funds	110
Exhibit 24	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds	111
Exhibit 25	Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual— Nonmajor Governmental Funds— Special Revenue Funds	112-113
Exhibit 26	Combining Statement of Fiduciary Net Position—Custodial Funds	114
Exhibit 27	Combining Statement of Changes in Assets and Liabilities— Custodial Funds	115
Supporting Schedules:		
Schedule 1	Governmental Funds Schedule of Revenues-Budget and Actual	117-121
Schedule 2	Governmental Funds Schedule of Expenditures-Budget and Actual	122-125

CITY OF PETERSBURG, VIRGINIA

Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
<u>STATISTICAL INFORMATION:</u>	
<u>Financial Trends</u>	
Table 1	Net Position by Component - Last Ten Fiscal Years 127-128
Table 2	Changes in Net Position - Last Ten Fiscal Years 129-130
Table 3	Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years 131
Table 4	Fund Balances of Governmental Funds - Last Ten Fiscal Years 132-133
Table 5	Changes in Fund Balance of Governmental Funds - Last Ten Fiscal Years 134-135
Table 6	Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years 136
<u>Revenue Capacity</u>	
Table 7	Assessed and Estimated Valuation of All Taxable Property - Last Ten Fiscal Years 137
Table 8	Property Tax Rates - Last Ten Fiscal Years 138
Table 9	Principal Business Taxpayers - Current Year and Nine Years Ago 139-140
Table 10	Property Tax Levies and Collections - Last Ten Fiscal Years 141
<u>Debt Capacity</u>	
Table 11	Ratios of Outstanding Obligations by Type - Last Ten Fiscal Years 142-143
Table 12	Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Obligation Bonded Debt Per Capita - Last Ten Fiscal Years 144
Table 13	Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin 145
Table 14	Revenue Coverage - Last Ten Fiscal Years 146
<u>Demographic and Economic Information</u>	
Table 15	Demographic, Economic and Census Statistics - Last Ten Fiscal Years & Last Six Censuses 147
<u>Operating Information</u>	
Table 16	Major Private Employers - Current Year and Nine Years Ago 148
Table 17	Full-time Equivalent Government Employees by Function - Last Ten Fiscal Years 149
Table 18	Operating Indicators by Function - Last Ten Fiscal Years 150-151
Table 19	Capital Asset Statistics by Function - Last Ten Fiscal Years 152
<u>COMPLIANCE SECTION:</u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	153-154
Independent Auditors' Report on Compliance on Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	155-157
Schedule of Expenditures of Federal Awards	158-160
Notes to Schedule of Expenditures of Federal Awards	161
Schedule of Findings and Questioned Costs	162-174
Summary Schedule of Prior Audit Findings	175-179

CITY OF PETERSBURG, VIRGINIA CITY COUNCIL AND EXECUTIVE OFFICERS JUNE 30, 2023

CITY COUNCIL

Samuel Parham Mayor
Annette Smith-Lee Vice-Mayor
Arnold Westbrook Councilman
Charles Cuthbert Councilman
Marlow Jones Councilman
W. Howard Myers Councilman
Darrin Hill Councilman

CONSTITUTIONAL OFFICERS

Brittany Flowers Commissioner of Revenue
Vanessa R. Crawford City Sheriff
Maytee Parham Clerk of the Circuit Court
Tiffany Buckner Commonwealth’s Attorney
Paul Mullins City Treasurer
Dawn Williams Registrar

CITY ADMINISTRATION

John M. Altman, Jr. City Manager
Stacey M. Jordan Chief Financial Officer
Nykesha D. Lucas Council Clerk
Anthony C. Williams City Attorney
Mary Burket City Assessor
Travis Christian Police Chief
Christopher Magann Interim Fire Chief
Lakishah White Director of Human Resources
Joanne Williams Director of Communications
Marquis Allen Director of Recreation & Community
Reginald Tabor Director of Planning & Development Services
Wayne Crocker Director Library Services
Brian Moore Director of Economic Development
Norris Stevenson Director of Social Services
Gerrit VanVoorhees Director of Information Technology
Nicole Loving Director of Community Corrections
Yvette Seliem-Poindexter Interim Mass Transit Director
Jerry Byerly Director of Public Works & Utilities
Margo Hardy Program Manager, PJCCP
Jamie Fagan General Manager/PGA Golf Pro
Vacant Executive Director of Freedom Support Center





City of Petersburg

Office of the City Manager
135 North Union Street
Petersburg, Virginia 23803

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June 3, 2024

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

The Annual Comprehensive Financial Report* of the City of Petersburg, Virginia (the City) for the year ended June 30, 2023, is hereby submitted. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. The enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to understand the City's financial activities have been included.

INTERNAL CONTROL

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

SINGLE AUDIT

The Single audit is mandated by the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. As a recipient of federal and state financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City.

SINGLE AUDIT (CONTINUED)

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. Information related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations, is included in these legal provisions embodied in the annual appropriated budget approved by the City's governing body. General Fund and Special Revenue Funds include the activities approved in the annual appropriated budget. The financial reporting entity includes all funds of the Primary Government (i.e., the City), as well as the component units for which the City is financially accountable. GAAP has established standards for defining and reporting on the financial reporting entity. Specifically, under GAAP the School Board of the City of Petersburg, Virginia (the School Board) is reported as a separate component unit in the City's reporting entity. This presentation is designed to emphasize that the School Board is legally separate from the City and to differentiate its financial position and results of operations from that of the City. This component unit is administered by a separate board, which is elected. The City provides a full range of services including police and fire protection; sanitation services; health and social services; the construction and maintenance of roads, streets, and infrastructure; recreation activities; and cultural events. In addition to general government activities, the operations of Petersburg's public utilities and the City's transit system are also part of the primary government and included in the reporting entity.

ECONOMIC CONDITION AND OUTLOOK AND FUTURE PROSPECTS

The City's largest industries are health care and social assistance, government, retail trade, accommodation and food services, and manufacturing. The manufacturing sector includes food processing, pharmaceutical, and metal industries. The City's economic prospects are enhanced by its two interstate highways, I-95, and I-85, and the proximity to Richmond, the state capital. The City is part of the Richmond-Petersburg Metropolitan Statistical Area. The Fort Lee Military Base is located adjacent to the City and houses the Army's Quartermaster and Logistics Management Centers. Fort Lee is the third largest training site in the Army, has an average daily population of 28,580, and employs approximately 7,829 civilians. Fort Lee has an economic impact on the region of more than \$2.4 billion.

Recently, the governor signed a bill that allows the fifth casino in Virginia to be constructed in Petersburg. The 1.4 billion dollar proposed casino is expected to go before the voters in November 2024.

The region's primary medical services facility, Bon Secours Southside Regional Medical Center (SRMC), is in the City. The facility, which includes a nursing school and a specialty healthcare center, is the largest private employer in the City with over 1,450 employees. SRMC, Poplar Springs Hospital, and Encompass Health Rehabilitation Hospital make Petersburg the healthcare hub of the Tri-cities area.

OTHER INFORMATION

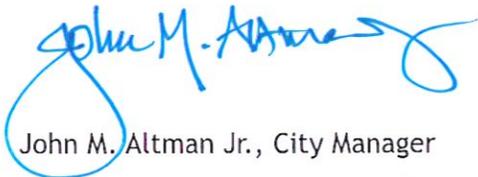
Relevant Financial Policies: Investments are made in an investment policy that seeks to safeguard the principal, meet liquidity objectives, and seek fair value rates of return within the parameters of the Code of Virginia. Funds held for capital projects are invested by these objectives in addition to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

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

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

Acknowledgments: This report could not have been accomplished without the outstanding support of the city's staff. We thank our Accounting Contractors for their work as accounting services providers in the final year of their contract. Also, we would like to thank the Mayor and members of the City Council for their vision and support.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "John M. Altman Jr.", with a large loop at the end.

John M. Altman Jr., City Manager

A handwritten signature in black ink, appearing to read "Leon Glaster Jr.", with a large loop at the end.

Leon Glaster Jr., Interim Chief Financial Officer



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Petersburg, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Petersburg, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Petersburg, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Petersburg, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Petersburg, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024, on our consideration of City of Petersburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of City of Petersburg, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Petersburg, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
June 20, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

As managers of the City of Petersburg, Virginia (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ending June 30, 2023. We encourage readers to consider the information presented here with the information we have furnished in our Letter of Transmittal.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$132,786,317 (net position).
- The City's net position increased in governmental funds and business-type activities. Governmental funds net position increased \$ 19,733,782 and business-type activities increased \$3,801,176
- As of the close of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$71,384,610 an increase of \$10,628,255 in comparison with the prior year.
- Unassigned fund balance for the General Fund increased from \$25,253,436 to \$39,016,279 to \$42,515,559.

Overview of the Financial Statements

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

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the basic financial statements (the notes to the financial statements will be discussed in detail within the audit report and will not be repeated in the MD &A).

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

Government-wide financial statements

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

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

Government-wide financial statements (Continued)

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

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

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

Fund financial statements

A fund is a grouping of related accounts used to control the resources segregated for specific activities or objectives. The fund accounting financial statements documents compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

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

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

Governmental funds (Continued)

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

The City adopts an annual appropriated budget for certain Governmental funds. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets.

Proprietary funds

The City maintains three enterprise funds, as business-type activities in the government-wide financial statements. The City uses enterprise funds for its water system, mass transportation, and golf course operations. The proprietary fund financial statements provide separate information for the water, mass transportation, and golf course activities which are major funds of the City.

Fiduciary funds

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

Notes to the basic financial statements

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

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position
June 30, 2023

	Primary Government			Component
	Governmental Activities	Business- type Activities	Total	School Board Unit
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 61,975,447	\$ 6,379,405	\$ 68,354,852	\$ 7,008,914
Restricted cash	2,646,889	5,522,139	8,169,028	-
Receivables (net of allowance for uncollectibles):				
Property taxes	15,311,288	-	15,311,288	-
Accounts receivable	3,384,602	4,328,945	7,713,547	2,500
Prepaid items	907,996	66,609	974,605	-
Inventory	3,963,243	742,192	4,705,435	121,573
Due from Component Unit	3,110,621	-	3,110,621	-
Internal balances	2,054,111	(2,054,111)	-	-
Due from other governmental units	5,300,377	159,746	5,460,123	9,439,693
Total Current Assets	\$ 98,654,574	\$ 15,144,925	\$ 113,799,499	\$ 16,572,680
Net pension asset:	\$ -	\$ -	\$ -	\$ 1,955,479
Capital Assets (net of depreciation):				
Land	\$ 6,046,998	\$ 5,123,939	\$ 11,170,937	\$ 5,000
Historical buildings and improvements	1,779,398	-	1,779,398	-
Construction in progress	10,897,367	2,225,836	13,123,203	8,242,975
Land improvements	31,529	10,748	42,277	24,392
Utility plant in service	-	15,574,963	15,574,963	-
Water capacity rights	-	1,436,500	1,436,500	-
Buildings and improvements	26,246,323	16,283,260	42,529,583	5,145,818
Lease buildings	318,485	-	318,485	-
Lease vehicles	127,103	55,207	182,310	-
Vehicles	2,264,763	2,480,235	4,744,998	2,921,105
Equipment and machinery	2,586,294	1,355,462	3,941,756	1,640,635
Infrastructure	12,839,058	-	12,839,058	-
Total Capital Assets	\$ 63,137,318	\$ 44,546,150	\$ 107,683,468	\$ 17,979,925
Total Assets	\$ 161,791,892	\$ 59,691,075	\$ 221,482,967	\$ 36,508,084
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	\$ 2,916,091	\$ 345,052	\$ 3,261,143	\$ 9,729,279
OPEB deferrals	2,557,624	77,225	2,634,849	1,314,383
Deferred amount on refunding	2,929,616	170,725	3,100,341	-
Total Deferred Outflows of Resources	\$ 8,403,331	\$ 593,002	\$ 8,996,333	\$ 11,043,662
Total Assets and Deferred Outflows of Resources	\$ 170,195,223	\$ 60,284,077	\$ 230,479,300	\$ 47,551,746
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 4,164,274	\$ 1,019,117	\$ 5,183,391	\$ 7,651,220
Accrued interest payable	207,934	102,202	310,136	-
Unearned revenue	11,813,674	-	11,813,674	2,217,203
Customer deposits	57,742	952,654	1,010,396	-
Due to primary government	-	-	-	3,110,621
Current portion of long-term obligations	2,152,027	905,204	3,057,231	89,630
Total Current Liabilities	\$ 18,395,651	\$ 2,979,177	\$ 21,374,828	\$ 13,068,674
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	\$ 50,690,230	\$ 14,372,469	\$ 65,062,699	\$ 36,150,566
Total Noncurrent Liabilities	\$ 50,690,230	\$ 14,372,469	\$ 65,062,699	\$ 36,150,566
Total Liabilities	\$ 69,085,881	\$ 17,351,646	\$ 86,437,527	\$ 49,219,240
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 31,346	\$ -	\$ 31,346	\$ -
OPEB deferrals	3,391,023	105,250	3,496,273	1,048,051
Pension deferrals	6,910,178	817,659	7,727,837	7,743,988
Total Deferred Inflows of Resources	\$ 10,332,547	\$ 922,909	\$ 11,255,456	\$ 8,792,039
NET POSITION				
Net investment in capital assets	\$ 29,871,442	\$ 35,239,783	\$ 65,111,225	\$ 17,969,538
Restricted for:				
Grants	11,422,610	-	11,422,610	-
Debt service	-	538,520	538,520	-
McKenney scholarships	8,547	-	8,547	-
Perpetual care and library	1,954,280	-	1,954,280	-
Opioid settlement	372,904	-	372,904	-
Net pension asset	-	-	-	1,955,479
Unrestricted (deficit)	47,147,012	6,231,219	53,378,232	(30,384,550)
Total Net Position	\$ 90,776,795	\$ 42,009,522	\$ 132,786,317	\$ (10,459,533)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 170,195,223	\$ 60,284,077	\$ 230,479,300	\$ 47,551,746

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

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 7,881,719	\$ 211,326	\$ 353,922	\$ -
Judicial administration	4,518,648	758,924	1,377,660	-
Public safety	26,666,629	675,331	19,533,874	-
Public works	12,227,067	4,070,825	1,195,948	-
Health and welfare	13,193,700	-	10,283,412	-
Education	10,854,167	-	-	-
Parks, recreation, and cultural	2,251,996	52,946	237,237	-
Community development	5,087,547	-	1,576,487	-
Interest and bond issuance costs	1,152,132	-	-	-
Total governmental activities	\$ 83,833,605	\$ 5,769,352	\$ 34,558,540	\$ -
Business-type activities:				
Public utility	\$ 12,704,500	\$ 15,444,438	\$ -	\$ -
Mass transit	5,727,372	230,001	3,306,717	-
Golf course	1,310,869	1,143,355	-	-
Total business-type activities	\$ 19,742,741	\$ 16,817,794	\$ 3,306,717	\$ -
Total primary government	\$ 103,576,346	\$ 22,587,146	\$ 37,865,257	\$ -
COMPONENT UNIT:				
School Board	\$ 67,092,725	\$ 58,916	\$ 49,007,397	\$ -

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

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government		Total	
	Governmental Activities	Business-type Activities		School Board
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ (7,316,471)	\$ -	\$ (7,316,471)	\$ -
Judicial administration	(2,382,064)	-	(2,382,064)	-
Public safety	(6,457,424)	-	(6,457,424)	-
Public works	(6,960,294)	-	(6,960,294)	-
Health and welfare	(2,910,288)	-	(2,910,288)	-
Education	(10,854,167)	-	(10,854,167)	-
Parks, recreation, and cultural	(1,961,813)	-	(1,961,813)	-
Community development	(3,511,060)	-	(3,511,060)	-
Interest and bond issuance costs	(1,152,132)	-	(1,152,132)	-
Total governmental activities	\$ (43,505,713)	\$ -	\$ (43,505,713)	\$ -
Business-type activities:				
Public utility	\$ -	\$ 2,739,938	\$ 2,739,938	\$ -
Mass transit	-	(2,190,654)	(2,190,654)	-
Golf course	-	(167,514)	(167,514)	-
Total business-type activities	\$ -	\$ 381,770	\$ 381,770	\$ -
Total primary government	\$ (43,505,713)	\$ 381,770	\$ (43,123,943)	\$ -
COMPONENT UNIT:				
School Board				\$ (18,026,412)
General revenues:				
General property taxes	\$ 42,931,545	\$ -	\$ 42,931,545	\$ -
Local sales and use taxes	5,357,732	-	5,357,732	-
Consumer utility taxes	784,571	-	784,571	-
Business license taxes	4,394,071	-	4,394,071	-
Motor vehicle license taxes	721,329	-	721,329	-
Lodging taxes	781,889	-	781,889	-
Meals taxes	3,618,060	-	3,618,060	-
Other local taxes	1,167,045	-	1,167,045	-
Unrestricted revenues from use of money and property	705,916	19,796	725,712	17,464
Miscellaneous	475,626	133,586	609,212	683,789
Grants and contributions not restricted to specific programs	4,355,322	-	4,355,322	21,165,325
City contribution to the school board	-	-	-	10,000,000
Transfers	(3,266,024)	3,266,024	-	-
Total general revenues and transfers	\$ 62,027,082	\$ 3,419,406	\$ 65,446,488	\$ 31,866,578
Change in net position	\$ 18,521,369	\$ 3,801,176	\$ 22,322,545	\$ 13,840,166
Net position - beginning, as restated	72,255,426	38,208,346	110,463,772	(24,299,699)
Net position - ending	\$ 90,776,795	\$ 42,009,522	\$ 132,786,317	\$ (10,459,533)

Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2023

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Non Major Funds	
ASSETS				
Cash and cash equivalents	\$ 29,061,635	\$ 3,122,915	\$ 29,790,897	\$ 61,975,447
Restricted cash	-	684,062	1,962,827	2,646,889
Receivables (Net of allowances for uncollectibles):				
Taxes	15,311,288	-	-	15,311,288
Accounts	3,075,786	-	308,816	3,384,602
Prepaid items	682,573	-	225,423	907,996
Inventory and land held for resale	3,963,243	-	-	3,963,243
Due from other funds	368,945	4,637,613	161,020	5,167,578
Due from Component Unit School Board	6,181,107	-	-	6,181,107
Due from other governmental units	5,168,767	-	131,610	5,300,377
Total assets	<u>\$ 63,813,344</u>	<u>\$ 8,444,590</u>	<u>\$ 32,580,593</u>	<u>\$ 104,838,527</u>
LIABILITIES				
Accounts payable	\$ 1,215,069	\$ 132,693	\$ 1,400,353	\$ 2,748,115
Accrued salaries payable	1,292,245	-	123,914	1,416,159
Deposits held	57,742	-	-	57,742
Unearned revenue	-	-	11,813,674	11,813,674
Due to other funds	2,498,455	280,737	334,275	3,113,467
Due to Component Unit School Board	-	3,070,486	-	3,070,486
Total liabilities	<u>\$ 5,063,511</u>	<u>\$ 3,483,916</u>	<u>\$ 13,672,216</u>	<u>\$ 22,219,643</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 10,861,370	\$ -	\$ -	\$ 10,861,370
Unavailable revenue - opioid settlement	372,904	-	-	372,904
Total	<u>\$ 11,234,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,234,274</u>
FUND BALANCE				
Nonspendable:				
Inventory and land held for resale	\$ 3,963,243	\$ -	\$ -	\$ 3,963,243
Cemetery Perpetual care and library	-	-	1,954,280	1,954,280
McKenney scholarships	-	-	8,547	8,547
Interfund loans	368,945	4,637,613	-	5,006,558
Prepaid items	682,573	-	225,423	907,996
Restricted:				
Grants	-	-	11,422,610	11,422,610
Debt service	-	-	-	-
Capital projects	-	323,061	-	323,061
Committed:				
Stormwater	-	-	5,297,517	5,297,517
Unassigned (deficit)	42,500,798	-	-	42,500,798
Total fund balances	<u>\$ 47,515,559</u>	<u>\$ 4,960,674</u>	<u>\$ 18,908,377</u>	<u>\$ 71,384,610</u>
Total liabilities, deferred inflows of resources and	<u>\$ 63,813,344</u>	<u>\$ 8,444,590</u>	<u>\$ 32,580,593</u>	<u>\$ 104,838,527</u>
Fund balances above				\$ 71,384,610

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the locality as a whole.	63,137,318
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(207,934)
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.	
Deferred inflows related to measurement of net pension liability	(6,910,178)
Deferred inflows related to measurement of net OPEB liability	(3,391,023)
Deferred outflows - OPEB deferrals	2,557,624
Deferred outflows - pension deferrals	2,916,091
Deferred inflows - opioid settlement	372,904
Some of the City's property taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore are reported as unavailable in the funds.	10,830,024
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net position.	(49,912,641)
Net position of General Government Activities	<u>\$ 90,776,795</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances --
 Governmental Funds
 Year Ended June 30, 2023

	Governmental Fund Types			Total Governmental Funds
	General	Capital Projects	Non- Major Funds	
Revenues:				
General property taxes	\$ 43,302,038	\$ -	\$ -	\$ 43,302,038
Other local taxes	16,824,697	-	-	16,824,697
Permits, privilege fees and regulatory licenses	559,790	-	-	559,790
Fines and forfeitures	564,504	-	-	564,504
Revenue from use of money and property	474,192	227,571	4,153	705,916
Charges for services	3,249,034	-	1,396,024	4,645,058
Miscellaneous	527,256	-	37,879	565,135
Recovered costs	119,468	-	-	119,468
Intergovernmental:				
Commonwealth	15,229,311	700,990	8,783,332	24,713,633
Federal	7,564,984	-	6,635,245	14,200,229
Total revenues	\$ 88,415,274	\$ 928,561	\$ 16,856,633	\$ 106,200,468
Expenditures:				
Current:				
General government administration	\$ 8,100,750	\$ -	\$ -	\$ 8,100,750
Judicial administration	4,387,056	45,372	367,305	4,799,733
Public safety	24,740,785	-	6,178,332	30,919,117
Public works	5,712,162	513,577	7,366,447	13,592,186
Health and welfare	13,396,751	-	3,420	13,400,171
Education	10,004,713	-	-	10,004,713
Parks, recreation, and cultural	2,203,208	-	-	2,203,208
Community development	4,071,867	-	1,118,798	5,190,665
Nondepartmental	825,265	-	-	825,265
Debt service:				
Principal retirement	2,901,463	-	67,922	2,969,385
Interest and other fiscal charges	987,845	-	63,151	1,050,996
Total expenditures	\$ 77,331,865	\$ 558,949	\$ 15,165,375	\$ 93,056,189
Excess (deficiency) of revenues over (under) expenditures	\$ 11,083,409	\$ 369,612	\$ 1,691,258	\$ 13,144,279
Other financing sources (uses):				
Transfers in	\$ -	\$ 2,000,000	\$ 5,816,428	\$ 7,816,428
Transfers (out)	(9,011,496)	(1,604,378)	(466,578)	(11,082,452)
Total other financing sources (uses)	\$ (9,011,496)	\$ 395,622	\$ 5,349,850	\$ (3,266,024)
Changes in fund balance	\$ 2,071,913	\$ 765,234	\$ 7,041,108	\$ 9,878,255
Fund balances at beginning of year, as restated	45,443,646	4,195,440	11,867,269	61,506,355
Fund balances at end of year	\$ 47,515,559	\$ 4,960,674	\$ 18,908,377	\$ 71,384,610

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Year Ended June 30, 2023

	<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 9,878,255
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. The following details support this adjustment.	
Capital asset additions	\$ 7,083,898
Depreciation expense	<u>(4,175,874)</u> 2,908,024
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the following:	
Change in deferred taxes	\$ (370,493)
Change in deferred inflows - opioid settlement	(89,508)
Change in deferred inflows related to the measurement of net pension liability	13,317,494
Change in deferred inflows related to the measurement of net OPEB liability	<u>(661,661)</u> 12,195,832
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:	
Principal retired on debt	\$ 3,172,604
Premium on debt	49,943
Discount on debt	<u>(10,383)</u> 3,212,164
Change in deferred outflows related to pensions	(3,314,367)
Change in deferred outflows related to OPEB	(584,216)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:	
Change in compensated absences	\$ (56,948)
Change in net pension liability	(6,701,318)
Change in net OPEB liability	1,124,639
Change in deferred amount on refunding	(147,525)
Change in accrued interest payable	<u>6,829</u> (5,774,323)
Change in net position of governmental activities	<u>\$ 18,521,369</u>

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

Statement of Net Position
Proprietary Funds
June 30, 2023

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 13,848,070	\$ -	\$ -	\$ 13,848,070
Restricted cash	5,522,139	-	-	5,522,139
Receivables (net of allowance for uncollectibles):				
Accounts receivable	4,328,945	-	-	4,328,945
Due from other governmental units	-	159,746	-	159,746
Due from other funds	77,356	172,855	-	250,211
Prepaid items	64,387	2,222	-	66,609
Inventory	465,169	267,344	9,679	742,192
Total Current Assets	\$ 24,306,066	\$ 602,167	\$ 9,679	\$ 24,917,912
Capital assets (net of depreciation):				
Land	\$ 173,898	\$ 1,566,994	\$ 3,383,047	\$ 5,123,939
Construction in progress	2,221,086	4,750	-	2,225,836
Land improvements	-	-	10,748	10,748
Utility plant in service	15,574,963	-	-	15,574,963
Buildings and improvements	-	15,521,953	761,307	16,283,260
Water capacity rights	1,436,500	-	-	1,436,500
Vehicles	267,223	2,213,012	-	2,480,235
Leased equipment	-	-	55,207	55,207
Equipment and machinery	1,048,356	161,036	146,070	1,355,462
Total capital assets (net of accumulated depreciation)	\$ 20,722,026	\$ 19,467,745	\$ 4,356,379	\$ 44,546,150
Total Assets	\$ 45,028,092	\$ 20,069,912	\$ 4,366,058	\$ 69,464,062
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	\$ 128,030	\$ 181,577	\$ 35,445	\$ 345,052
OPEB deferrals	28,653	40,639	7,933	77,225
Deferred amount on refunding	151,957	-	18,768	170,725
Total Deferred Outflows or Resources	\$ 308,640	\$ 222,216	\$ 62,146	\$ 593,002
Total Assets and Deferred Outflows of Resources	\$ 45,336,732	\$ 20,292,128	\$ 4,428,204	\$ 70,057,064
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 632,592	\$ 82,884	\$ 45,892	\$ 761,368
Reconciled overdraft	-	5,418,729	2,049,936	7,468,665
Accrued salaries payable	100,238	127,260	30,251	257,749
Accrued interest payable	69,047	-	33,155	102,202
Due to other funds	2,004,142	20,400	279,780	2,304,322
Customers' deposits payable	952,654	-	-	952,654
Current portion of compensated absences	9,050	12,522	4,055	25,627
Current portion of notes payable	401,679	-	-	401,679
Current portion of premium on bonds issued	24,612	-	24,404	49,016
Current portion of lease liability	-	-	55,759	55,759
Current portion of general obligation bonds	246,230	-	126,893	373,123
Total Current Liabilities	\$ 4,440,244	\$ 5,661,795	\$ 2,650,125	\$ 12,752,164
Noncurrent Liabilities:				
Noncurrent portion of compensated absences	\$ 81,454	\$ 112,693	\$ 36,495	\$ 230,642
Noncurrent portion of notes payable	2,465,069	-	-	2,465,069
Noncurrent portion of premium on bonds issued	440,953	-	390,463	831,416
Noncurrent portion of net pension liability	323,276	458,485	89,502	871,263
Noncurrent portion of net OPEB liability	110,112	156,166	30,486	296,764
Noncurrent portion of general obligation bonds	6,738,712	-	2,938,603	9,677,315
Total Noncurrent Liabilities	\$ 10,159,576	\$ 727,344	\$ 3,485,549	\$ 14,372,469
Total Liabilities	\$ 14,599,820	\$ 6,389,139	\$ 6,135,674	\$ 27,124,633
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	\$ 303,387	\$ 430,278	\$ 83,994	\$ 817,659
OPEB deferrals	39,052	55,387	10,811	105,250
Total Deferred Inflows or Resources	\$ 342,439	\$ 485,665	\$ 94,805	\$ 922,909
NET POSITION				
Net investment in capital assets	\$ 14,933,013	\$ 19,467,745	\$ 839,025	\$ 35,239,783
Restricted for:				
Debt service	538,520	-	-	538,520
Unrestricted	14,922,940	(6,050,421)	(2,641,300)	6,231,219
Total Net Position	\$ 30,394,473	\$ 13,417,324	\$ (1,802,275)	\$ 42,009,522
Total Liabilities, Deferred Inflows of resources, and Net Position	\$ 45,336,732	\$ 20,292,128	\$ 4,428,204	\$ 70,057,064

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

Statement of Revenues, Expenses and Changes in Net Position --
 Proprietary Funds
 Year Ended June 30, 2023

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Operating revenues:				
Charges for services	\$ 15,116,988	\$ 230,001	\$ 1,143,355	\$ 16,490,344
Connection fees	327,450	-	-	327,450
Miscellaneous income	824	132,762	-	133,586
Total operating revenues	<u>\$ 15,445,262</u>	<u>\$ 362,763</u>	<u>\$ 1,143,355</u>	<u>\$ 16,951,380</u>
Operating expenses:				
Personal services	\$ 1,838,859	\$ 2,749,419	\$ 572,936	\$ 5,161,214
Fringe benefits	468,031	534,453	100,473	1,102,957
Contractual services	840,995	357,318	149,749	1,348,062
Wastewater treatment services	5,265,512	-	-	5,265,512
Water purchased for resale	1,620,032	-	-	1,620,032
Other charges	697,510	832,952	172,454	1,702,916
Depreciation	1,595,149	1,253,230	192,750	3,041,129
Total operating expenses	<u>\$ 12,326,088</u>	<u>\$ 5,727,372</u>	<u>\$ 1,188,362</u>	<u>\$ 19,241,822</u>
Operating income (loss)	<u>\$ 3,119,174</u>	<u>\$ (5,364,609)</u>	<u>\$ (45,007)</u>	<u>\$ (2,290,442)</u>
Nonoperating revenues (expenses):				
State grants	\$ -	\$ 2,088,733	\$ -	\$ 2,088,733
Federal grants	-	1,217,984	-	1,217,984
Interest income	19,796	-	-	19,796
Interest expense	(378,412)	-	(122,507)	(500,919)
Total nonoperating revenues (expenses)	<u>\$ (358,616)</u>	<u>\$ 3,306,717</u>	<u>\$ (122,507)</u>	<u>\$ 2,825,594</u>
Income (loss) before transfers	\$ 2,760,558	\$ (2,057,892)	\$ (167,514)	\$ 535,152
Transfers in	2,001,867	887,779	376,378	3,266,024
Changes in net position	\$ 4,762,425	\$ (1,170,113)	\$ 208,864	\$ 3,801,176
Net position (deficit) at beginning of year	<u>25,632,048</u>	<u>14,587,437</u>	<u>(2,011,139)</u>	<u>38,208,346</u>
Net position (deficit) at end of year	<u>\$ 30,394,473</u>	<u>\$ 13,417,324</u>	<u>\$ (1,802,275)</u>	<u>\$ 42,009,522</u>

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

Statement of Cash Flows --
Proprietary Funds
Year Ended June 30, 2023

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 14,604,924	\$ 362,763	\$ 1,143,355	\$ 16,111,042
Payments to employees (including fringe benefits)	(2,409,104)	(3,454,755)	(702,644)	(6,566,503)
Payments to suppliers	(8,472,542)	(1,130,134)	(310,524)	(9,913,200)
Net cash provided by (used for) operating activities	<u>\$ 3,723,278</u>	<u>\$ (4,222,126)</u>	<u>\$ 130,187</u>	<u>\$ (368,661)</u>
Cash flows from capital and related financing activities:				
Purchase and construction of capital assets	\$ (2,614,087)	\$ (296,092)	\$ -	\$ (2,910,179)
Interest expense	(398,209)	-	(146,097)	(544,306)
Retirement of indebtedness	(628,987)	-	(176,940)	(805,927)
Net cash provided by (used for) capital and related financing activities	<u>\$ (3,641,283)</u>	<u>\$ (296,092)</u>	<u>\$ (323,037)</u>	<u>\$ (4,260,412)</u>
Cash flows from noncapital financing activities:				
State and federal grants	\$ -	\$ 3,242,087	\$ -	\$ 3,242,087
Negative cash balances implicitly financed	-	388,352	(183,528)	204,824
Transfers (to) and from other funds	2,001,867	887,779	376,378	3,266,024
Net cash provided by (used for) noncapital financing activities	<u>\$ 2,001,867</u>	<u>\$ 4,518,218</u>	<u>\$ 192,850</u>	<u>\$ 6,712,935</u>
Cash flows from investing activities:				
Interest income	\$ 19,796	\$ -	\$ -	\$ 19,796
Increase in cash and cash equivalents	\$ 2,103,658	\$ -	\$ -	\$ 2,103,658
Cash and cash equivalents at beginning of year	17,266,551	-	-	17,266,551
Cash and cash equivalents at end of year	<u>\$ 19,370,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,370,209</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 3,119,174	\$ (5,364,609)	\$ (45,007)	\$ (2,290,442)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation	\$ 1,595,149	\$ 1,253,230	\$ 192,750	\$ 3,041,129
Changes in operating activities:				
(Increase) decrease in:				
Accounts receivable and due from other governments	(836,916)	-	-	(836,916)
Inventory	(133,315)	(555)	(1,507)	(135,377)
Prepaid items	(15,167)	-	-	(15,167)
Increase (decrease) in:				
Accounts payable	99,989	60,691	13,186	173,866
Accrued salaries payable	41,225	42,091	11,777	95,093
Customer deposits	(3,422)	-	-	(3,422)
Pension deferred outflows of resources	145,515	206,377	40,286	392,178
Pension deferred inflows of resources	(584,697)	(829,245)	(161,876)	(1,575,818)
Net pension liability	294,217	417,272	81,457	792,946
OPEB deferred outflows of resources	8,120	11,515	2,248	21,883
OPEB deferred inflows of resources	(8,057)	(11,425)	(2,231)	(21,713)
Net OPEB liability	(11,399)	(16,166)	(3,153)	(30,718)
Compensated absences	12,862	8,698	2,257	23,817
Total adjustments	<u>\$ 604,104</u>	<u>\$ 1,142,483</u>	<u>\$ 175,194</u>	<u>\$ 1,921,781</u>
Net cash provided by (used for) operating activities	<u>\$ 3,723,278</u>	<u>\$ (4,222,126)</u>	<u>\$ 130,187</u>	<u>\$ (368,661)</u>
Reconciliation of Cash to Statement of Net Position:				
Cash and cash equivalents	\$ 13,848,070	\$ -	\$ -	\$ 13,848,070
Restricted cash - SCWA - debt service	5,522,139	-	-	5,522,139
Negative cash balances implicitly financed	-	(5,418,729)	(2,049,936)	(7,468,665)
Total cash and cash equivalents at end of year	<u>\$ 19,370,209</u>	<u>\$ (5,418,729)</u>	<u>\$ (2,049,936)</u>	<u>\$ 11,901,544</u>

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

Statement of Fiduciary Net Position - Fiduciary Funds
At June 30, 2023

	<u>Hospital Trust Fund</u>		<u>Private- Purpose Trust</u>	<u>Custodial Funds</u>
ASSETS				
Cash and cash equivalents	\$	556,261	\$	148,007
Land held for resale		-		2,500,000
		<u>556,261</u>		<u>2,648,007</u>
Total assets	\$	<u>556,261</u>	\$	<u>2,648,007</u>
LIABILITIES				
Accounts payable	\$	<u>135,000</u>	\$	<u>-</u>
		<u>135,000</u>		<u>-</u>
Total liabilities	\$	<u>135,000</u>	\$	<u>-</u>
NET POSITION				
Restricted For:				
Held for hospitalization care for welfare recipients	\$	421,261	\$	-
Social services clients		-		65,509
Economic development		-		2,500,000
Drug funds		-		82,498
		<u>421,261</u>		<u>2,648,007</u>
Total net position	\$	<u>421,261</u>	\$	<u>2,648,007</u>
		<u>556,261</u>		<u>2,648,007</u>
Total liabilities and net position	\$	<u>556,261</u>	\$	<u>2,648,007</u>

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
 Year Ended June 30, 2023

	<u>Hospital Trust Fund</u>		<u>Private- Purpose Trust</u>	<u>Custodial Funds</u>
Additions				
Investment income	\$	590	\$	9
Deductions				
Drug Seizure disbursements	\$	-	\$	8,001
Change in net position	\$	590	\$	(7,992)
Net position - beginning of the year		<u>420,671</u>		<u>2,655,999</u>
Net position - end of the year	\$	<u><u>421,261</u></u>	\$	<u><u>2,648,007</u></u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 1—Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The City has no blended component units to be included for the fiscal year ended June 30, 2023.

Discretely Presented Component Unit. The School Board is a discretely presented component unit of the City of Petersburg, Virginia for the fiscal year ended June 30, 2023.

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

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

C. Other Related Organizations

Included in the City's Comprehensive Annual Financial Report

None

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

C. Other Related Organizations: (Continued)

Excluded from the City’s Comprehensive Annual Financial Report

Joint Ventures

South Central Wastewater Authority

The South Central Wastewater Authority is considered a joint venture and therefore its operations are not included in the City’s financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase wastewater treatment services from the Authority at prescribed rates and capacity levels. Based on the City’s capacity level of 10.5 million gallons out of total capacity of 20 million gallons, the City retains an on-going financial responsibility for the joint venture due to this requirement. The City’s expenditures for wastewater treatment services for the year ended June 30, 2023 were \$5,265,512. The City does not retain a financial interest in the SCWA.

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

Riverside Regional Jail Authority

The Riverside Regional Jail Authority is considered a joint venture and therefore its operations are not included in the City’s financial statements. The Counties of Charles City, Chesterfield, Prince George and Surry and the Cities of Petersburg, Colonial Heights and Hopewell each appoint one member to the seven member board. Each participating entity is required to commit prisoners and pay the established per diem charge in accordance with its service agreement with the RRJA. The City’s expenditures for confinement services for the year ended June 30, 2023 were \$3,389,163. The City does not retain a financial interest in the RRJA.

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

Appomattox River Water Authority

The Appomattox River Water Authority is considered a joint venture and therefore its operations are not included in the City’s financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase water in accordance with its service agreement with the ARWA. The City’s expenses for water purchased for the year ended June 30, 2023 were \$1,620,032. The City does not retain a financial interest in the ARWA.

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

C. Other Related Organizations: (Continued)

Jointly Governed Organizations

Central Virginia Waste Management Authority

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

Appomattox Basin Industrial Development Corporation

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

District 19 Community Services Board

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

Related Organizations

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

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

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

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

Measurement Focus and Basis of Accounting: (Continued)

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

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

1. Governmental Funds

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

- a. General Fund - The General Fund is the primary operating fund of the City. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.
- b. Special Revenue Funds - Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special Revenue Funds consist of the Federal and State Projects Fund, Community Development Act Fund and Stormwater Fund. All of these funds are considered nonmajor funds for reporting purposes.
- c. Capital Projects Funds - Capital Projects Funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects fund is considered a major fund for reporting purposes.

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

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

1. Governmental Funds: (Continued)

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

2. Proprietary Funds

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

Enterprise Funds

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

The City reports the following major enterprise funds.

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

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

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

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

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

E. Budgets and Budgetary Accounting

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

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

F. Cash and Cash Equivalents

The government's cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

G. Investments

City Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

H. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$16,067,197 at June 30, 2023 and is comprised of the following:

Property taxes - General Fund	\$	1,869,644
Refuse and consumer's utility taxes - General Fund		1,262,888
Stormwater fees		693,153
Public Utility Accounts		12,241,512
Total	\$	<u>16,067,197</u>

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

I. South Central Wastewater Authority Water Capacity Rights

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

J. Capital Assets:

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

J. Capital Assets: (Continued)

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

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

K. Compensated Absences

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

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

L. Property Taxes

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

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

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

M. Inventory and Land Held for Resale

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

N. Long-term Obligations

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

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

O. Fund Equity

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

O. Fund Equity: (Continued)

The City Council establishes and modifies or rescinds fund balance commitments at year-end by passage of a resolution. The City Council has not delegated this authority to assign amounts to any individual for the fiscal year ending June 30, 2023.

As of June 30, 2023, there was a deficit net position in the Golf Course Fund (\$1,802,275).

P. Use of Estimates

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

Q. Internal and Intra-entity Activity

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

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

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

R. Restricted Cash

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

S. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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

S. Net Position: (Continued)

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension asset or liability next fiscal year and the impact of the change in proportionate share of net pension liability. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, leases, and opioid settlement are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

U. Pensions

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

V. Leases

The City leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The City recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the City uses its estimated incremental borrowing rate as the discount rate for leases.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

V. Leases: (Continued)

Key Estimates and Judgments (Continued)

- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The City monitors changes in circumstances that would require a remeasurement or modification of its leases. The City will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

Note 2—Deposits and Investments:

Deposits

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

Investments

Statutes authorize 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 that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 2—Deposits and Investments: (Continued)

Custodial Credit Risk (Investments)

The City’s investment policy provides that securities purchased for the City shall be held by the City Treasury or by the Treasurer’s custodian. If held by a custodian, the securities must be in the City’s name or in the custodian’s nominee name and identifiable on the custodian’s books as belonging to the City. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller) to the transaction. At June 30, 2023 all of the City’s investments were held in accordance with this policy.

Credit Risk of Debt Securities

The City’s investment policy is to follow the legal limits set forth in the Code of Virginia, 2.2-45, Investment of Public Funds Act, which describes the types of investments permitted. The City has not established credit risk limits for each category of investment; however, the City has an emphasis on high credit quality and known marketability. The City has contracted with investment advisors to ensure compliance. The City’s rated debt investments as of June 30, 2023 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

City's Rated Debt Investment Values		
Rated Debt Investments	Fair Quality Ratings	
	AAAm	AA+
Primary Government:		
Local Government Investment Pool	\$ 513,575	\$ -
Virginia State Non-Arbitrage Program (SNAP)	5,481,514	-
U.S. Treasury Money Market Funds	<u>684,062</u>	<u>-</u>
Total Primary Government investments	<u>\$ 6,679,151</u>	<u>\$ -</u>

Interest Rate Risk

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

Investment Type	Investment Maturities (in years)		
	Fair Value	<1 Year	1-5 Years
Primary Government:			
Local Government Investment Pool	\$ 513,575	\$ 513,575	\$ -
Virginia State Non-Arbitrage Program (SNAP)	<u>5,481,514</u>	<u>5,481,514</u>	<u>-</u>
Total Primary Government investments	<u>\$ 5,995,089</u>	<u>\$ 5,995,089</u>	<u>\$ -</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 2—Deposits and Investments: (Continued)

Interest Rate Risk: (Continued)

The fair values of the positions in the Local Government Investment Pool (LGIP) and SNAP are the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

Foreign Currency Risk

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

Concentration of Credit Risk

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

Note 3—Due From Other Governmental Units:

At June 30, 2023, the City has receivables from other governments as follows:

	Primary Government	
	Governmental Funds	Business-type Funds
Commonwealth of Virginia:		
Local sales taxes	\$ 861,554	\$ -
Miscellaneous grants	148,796	-
Shared expenses	194,345	-
Public assistance and welfare administration	348,301	-
Comprehensive services	555,092	-
Mass Transit	-	-
PPTRA	2,294,331	-
Communications tax	202,588	-
VDOT	-	159,746
Federal Government:		
Public assistance and welfare administration	563,760	-
Miscellaneous grants	131,610	-
Total due from other governments	<u>\$ 5,300,377</u>	<u>\$ 159,746</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Individual fund and interfund receivable and payable balances related to working capital loans at June 30, 2023 are presented below:

<u>Fund</u>	<u>Due From Other Funds/ Component Unit</u>	<u>Due to Other Funds/ Component Unit</u>
Interfund Balances:		
General	\$ 368,945	\$ 2,498,455
Capital projects	4,637,613	280,737
Enterprise:		
Public Utility	77,356	2,004,142
Mass Transit	172,855	20,400
Golf Course	-	279,780
Nonmajor funds:		
Federal and State Projects	35,854	84,204
Community Development Act	5,209	-
Stormwater	119,957	-
Blandford Cemetery Perpetual Care	-	250,071
Total	<u>\$ 5,417,789</u>	<u>\$ 5,417,789</u>
Reporting Entity:		
Primary Government - General Fund	\$ 6,181,107	\$ -
Primary Government - Capital Projects Fund	-	3,070,486
School Board	-	3,110,621
Total	<u>\$ 6,181,107</u>	<u>\$ 6,181,107</u>

Interfund balances have been recorded to cover fund cash deficits; however, it is expected that future revenue streams will enable repayment from the General Fund. As investments mature in the Blandford Cemetery Perpetual Care Fund, funds will be available to reimburse the General Fund.

Interfund Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Major Funds:		
General	\$ -	\$ 9,011,496
Capital Projects Fund	2,000,000	1,604,378
Public Utility Fund	2,001,867	-
Mass Transit Fund	887,779	-
Golf Course Fund	376,378	-
Nonmajor Funds:		
Stormwater Fund	-	2,600
Federal and State Grants Fund	5,816,428	463,978
Total	<u>\$ 11,082,452</u>	<u>\$ 11,082,452</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization and (3) move expenditures paid out of capital projects fund for Enterprise fund projects.

Note 5—Inventory:

At June 30, 2023, the City has inventory recorded in the various funds as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Expendable supplies	\$ 19,017	\$ 742,192
Land and building inventory held for resale:		
324 Commercial/residential lots owned in the City	3,912,045	-
8 Commercial buildings owned in Dinwiddie County	32,181	-
Totals	<u>\$ 3,963,243</u>	<u>\$ 742,192</u>

The following is a summary of changes in inventory held for resale for the fiscal year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Purchases</u>	<u>Sales</u>	<u>Balance June 30, 2023</u>
Land and building inventory held for resale:				
312 Commercial/residential lots owned in the City	\$ 3,994,488	\$ -	\$ 82,443	\$ 3,912,045
8 Commercial buildings owned in Dinwiddie County	32,181	-	-	32,181
Totals	<u>\$ 4,026,669</u>	<u>\$ -</u>	<u>\$ 82,443</u>	<u>\$ 3,944,226</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Capital Assets:

Primary Government:

The following is a summary of changes in governmental capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,046,998	\$ -	\$ -	\$ 6,046,998
Historical buildings and improvements	1,779,398	-	-	1,779,398
Construction in progress - city projects	8,866,528	2,030,839	-	10,897,367
Total capital assets not being depreciated	<u>\$ 16,692,924</u>	<u>\$ 2,030,839</u>	<u>\$ -</u>	<u>\$ 18,723,763</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 78,841,007	\$ 1,774,280	\$ -	\$ 80,615,287
Lease building	537,869	-	-	537,869
Land improvements	55,871	-	-	55,871
Infrastructure	111,674,403	1,551,345	-	113,225,748
Lease vehicles	294,851	-	-	294,851
Vehicles	14,032,098	486,496	-	14,518,594
Equipment (other than vehicles)	16,851,167	1,240,938	-	18,092,105
Total capital assets being depreciated	<u>\$ 222,287,266</u>	<u>\$ 5,053,059</u>	<u>\$ -</u>	<u>\$ 227,340,325</u>
Accumulated depreciation:				
Buildings and improvements	\$ 52,814,450	\$ 1,554,514	\$ -	\$ 54,368,964
Lease building	109,692	109,692	-	219,384
Land improvements	18,219	6,123	-	24,342
Infrastructure	99,706,107	680,583	-	100,386,690
Lease vehicles	83,874	83,874	-	167,748
Vehicles	11,489,233	764,598	-	12,253,831
Equipment (other than vehicles)	14,529,321	976,490	-	15,505,811
Total accumulated depreciation	<u>\$ 178,750,896</u>	<u>\$ 4,175,874</u>	<u>\$ -</u>	<u>\$ 182,926,770</u>
Total capital assets being depreciated, net	<u>\$ 43,536,370</u>	<u>\$ 877,185</u>	<u>\$ -</u>	<u>\$ 44,413,555</u>
Governmental Activities capital assets, net	<u>\$ 60,229,294</u>	<u>\$ 2,908,024</u>	<u>\$ -</u>	<u>\$ 63,137,318</u>

Reconciliation of primary government net position net investment in capital assets:

Net capital assets	\$ 63,137,318
Long-term debt applicable to capital assets:	
General obligation bonds	\$ 32,957,099
School Qualified Zone Academy Bonds (SQZAB's)	415,000
Premium on bonds payable	862,883
Deferred amount on refunding	(2,929,616)
Discount on bonds payable	(207,665)
Lease liability	448,985
Stormwater revenue bond	2,403,252
	<u>\$ 33,949,938</u>
Less-debt proceeds received but not expended on capital assets at year end	(684,062)
Net long-term debt, as adjusted	<u>\$ 33,265,876</u>
Net investment in capital assets	<u>\$ 29,871,442</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a summary of changes in Public Utility Fund capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Business-type Activities:				
Public Utility Fund:				
Capital assets, not being depreciated:				
Land	\$ 173,898	\$ -	\$ -	\$ 173,898
Construction in progress	708,860	2,202,749	690,523	2,221,086
Total capital assets not being depreciated	<u>\$ 882,758</u>	<u>\$ 2,202,749</u>	<u>\$ 690,523</u>	<u>\$ 2,394,984</u>
Capital assets being depreciated:				
Utility plant in service	\$ 38,964,231	\$ 363,073	\$ -	\$ 39,327,304
Water capacity rights	4,420,000	-	-	4,420,000
Vehicles	1,438,283	88,870	-	1,527,153
Equipment and machinery	2,927,827	649,918	-	3,577,745
Total capital assets being depreciated	<u>\$ 47,750,341</u>	<u>\$ 1,101,861</u>	<u>\$ -</u>	<u>\$ 48,852,202</u>
Accumulated depreciation:				
Utility plant in service	\$ 22,687,353	\$ 1,064,988	\$ -	\$ 23,752,341
Water capacity rights	2,873,000	110,500	-	2,983,500
Vehicles	1,185,412	74,518	-	1,259,930
Equipment and machinery	2,184,246	345,143	-	2,529,389
Total accumulated depreciation	<u>\$ 28,930,011</u>	<u>\$ 1,595,149</u>	<u>\$ -</u>	<u>\$ 30,525,160</u>
Total capital assets being depreciated, net	<u>\$ 18,820,330</u>	<u>\$ (493,288)</u>	<u>\$ -</u>	<u>\$ 18,327,042</u>
Public Utility Fund capital assets, net	<u>\$ 19,703,088</u>	<u>\$ 1,709,461</u>	<u>\$ 690,523</u>	<u>\$ 20,722,026</u>
Reconciliation of Public Utility Fund net position net investment in capital assets:				
Net capital assets				\$ <u>20,722,026</u>
Long-term debt applicable to capital assets:				
General obligation bonds		\$ 6,984,942		
Premium on bonds issued		465,565		
Deferred amount on refunding		(151,957)		
Notes payable		<u>2,866,748</u>		\$ 10,165,298
Less-debt proceeds received but not expended on capital assets at year end				<u>(4,376,285)</u>
Net long-term debt, as adjusted				<u>\$ 5,789,013</u>
Net investment in capital assets				<u>\$ 14,933,013</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a summary of changes in Mass Transit Fund capital assets for the fiscal year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Business-type Activities:				
Mass Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,566,994	\$ -	\$ -	\$ 1,566,994
Construction in progress	-	4,750	-	4,750
Total capital assets not being depreciated	<u>\$ 1,566,994</u>	<u>\$ 4,750</u>	<u>\$ -</u>	<u>\$ 1,571,744</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 25,541,578	\$ 28,391	\$ -	\$ 25,569,969
Vehicles	5,718,407	224,386	-	5,942,793
Equipment and machinery	<u>1,212,922</u>	<u>38,565</u>	<u>-</u>	<u>1,251,487</u>
Total capital assets being depreciated	<u>\$ 32,472,907</u>	<u>\$ 291,342</u>	<u>\$ -</u>	<u>\$ 32,764,249</u>
Accumulated depreciation:				
Buildings and improvements	\$ 9,443,094	\$ 604,922	\$ -	\$ 10,048,016
Vehicles	3,150,382	579,399	-	3,729,781
Equipment and machinery	<u>1,021,542</u>	<u>68,909</u>	<u>-</u>	<u>1,090,451</u>
Total accumulated depreciation	<u>\$ 13,615,018</u>	<u>\$ 1,253,230</u>	<u>\$ -</u>	<u>\$ 14,868,248</u>
Total capital assets being depreciated, net	<u>\$ 18,857,889</u>	<u>\$ (961,888)</u>	<u>\$ -</u>	<u>\$ 17,896,001</u>
Mass Transit Fund capital assets, net	<u><u>\$ 20,424,883</u></u>	<u><u>\$ (957,138)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,467,745</u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a summary of changes in Golf Course Fund capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Business-type Activities:				
Golf Course				
Capital assets, not being depreciated:				
Land	\$ 3,383,047	\$ -	\$ -	\$ 3,383,047
Total capital assets not being depreciated	\$ 3,383,047	\$ -	\$ -	\$ 3,383,047
Capital assets being depreciated:				
Land improvements	\$ 1,040,599	\$ -	\$ -	\$ 1,040,599
Buildings and improvements	976,131	-	-	976,131
Lease vehicles	165,619	-	-	165,619
Equipment and machinery	426,349	-	-	426,349
Total capital assets being depreciated	\$ 2,608,698	\$ -	\$ -	\$ 2,608,698
Accumulated depreciation:				
Land improvements	\$ 960,745	\$ 69,106	\$ -	\$ 1,029,851
Buildings and improvements	189,021	25,803	-	214,824
Lease vehicles	55,206	55,206	-	110,412
Equipment and machinery	237,644	42,635	-	280,279
Total accumulated depreciation	\$ 1,442,616	\$ 192,750	\$ -	\$ 1,635,366
Total capital assets being depreciated, net	\$ 1,166,082	\$ (192,750)	\$ -	\$ 973,332
Golf Course Fund capital assets, net	\$ 4,549,129	\$ (192,750)	\$ -	\$ 4,356,379
Reconciliation of Golf Course Fund net position net investment in capital assets:				
Net capital assets				\$ 4,356,379
Long-term debt applicable to capital assets:				
General obligation bonds		\$ 3,065,496		
Deferred amount on refunding		(18,768)		
Lease liability		55,759		
Premium on bonds issued		414,867		\$ 3,517,354
Net long-term debt, as adjusted				\$ 3,517,354
Net investment in capital assets				\$ 839,025
Total Business-type Activities capital assets, net	\$ 44,677,100	\$ 559,573	\$ 690,523	\$ 44,546,150

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	\$ 265,410
Judicial administration	236,866
Public safety	1,109,889
Public works	1,175,739
Health and welfare	288,632
Education	859,444
Parks, recreation and cultural	218,882
Community development	<u>21,012</u>
Total Governmental activities	\$ <u><u>4,175,874</u></u>
Business-type activities:	
Public Utility Fund	\$ 1,595,149
Mass Transit Fund	1,253,230
Golf Course Fund	<u>192,750</u>
Total Business-type activities	\$ <u><u>3,041,129</u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Long-Term Obligations:

Primary Government

Governmental Activities

The following is a summary of governmental long-term obligation transactions of the City for the year ended June 30, 2023:

Description	Balance July 1, 2022	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2023	Amounts Due Within One Year
Long-term obligation transactions:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 34,541,705	\$ -	\$ 1,584,606	\$ 32,957,099	\$ 1,491,393
Stormwater revenue bonds	2,471,174	-	67,922	2,403,252	56,070
School Qualified Zone Academy Bonds	1,731,857	-	1,316,857	415,000	200,000
Premium on bonds payable	912,826	-	49,943	862,883	49,943
Discount on bonds payable	(218,048)	-	(10,383)	(207,665)	(10,383)
Lease liabilities	652,204	-	203,219	448,985	189,186
Net pension liability	661,871	14,199,897	7,498,579	7,363,189	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 1,460,217	\$ 114,455	\$ 356,783	\$ 1,217,889	\$ -
Net LODA OPEB liability	5,198,365	3,940,773	4,805,786	4,333,352	-
Net GLI OPEB liability	1,307,393	880,389	897,687	1,290,095	-
Total Net OPEB liability	\$ 7,965,975	\$ 4,935,617	\$ 6,060,256	\$ 6,841,336	\$ -
Compensated absences	1,701,230	227,071	170,123	1,758,178	175,818
Total Governmental Activities obligations	\$ 50,420,794	\$ 19,362,585	\$ 16,941,122	\$ 52,842,257	\$ 2,152,027
Reconciliation to Exhibit 1:					
Long-term liabilities due within one year:				\$ 2,152,027	
Long-term liabilities due in more than one year:				50,690,230	
Total long-term obligations				\$ 52,842,257	

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Annual requirements to amortize governmental activities obligations outstanding as of June 30, 2023 are as follows:

Direct Borrowings and Direct Placements								
Year Ending June 30,	General Obligation Bonds		Lease Liability		Stormwater Revenue Bonds		Qualified Zone Academy Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	
2024	\$ 1,491,393	\$ 932,119	\$ 189,186	\$ 10,023	\$ 56,070	\$ 61,911	\$ 200,000	
2025	1,593,470	902,391	178,211	3,919	65,187	60,698	215,000	
2026	1,612,325	871,164	64,937	889	65,643	59,390	-	
2027	1,920,326	835,689	16,651	117	95,729	57,776	-	
2028	1,181,488	799,835	-	-	70,657	56,224	-	
2029	1,502,770	763,728	-	-	102,567	54,678	-	
2030	1,299,987	724,653	-	-	78,407	52,948	-	
2031	923,213	689,847	-	-	36,468	51,781	-	
2032	1,541,520	650,956	-	-	110,316	50,186	-	
2033	1,269,125	607,018	-	-	80,230	48,053	-	
2034	1,319,644	563,565	-	-	82,965	46,120	-	
2035	2,004,367	509,699	-	-	171,856	42,769	-	
2036	1,912,919	448,455	-	-	160,004	38,242	-	
2037	1,961,680	387,484	-	-	164,107	33,822	-	
2038	2,030,610	323,896	-	-	169,121	29,071	-	
2039	2,086,955	257,068	-	-	173,680	23,979	-	
2040	2,160,220	189,294	-	-	179,150	18,737	-	
2041	1,755,484	126,783	-	-	184,621	13,333	-	
2042	2,834,783	58,594	-	-	298,127	6,162	-	
2043	554,820	8,242	-	-	58,347	867	-	
Total	\$ 32,957,099	\$ 10,650,480	\$ 448,985	\$ 14,948	\$ 2,403,252	\$ 806,747	\$ 415,000	

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations as of June 30, 2023 are as follows:

Primary Government - Governmental Activities:

<u>Original Amount</u>	<u>Description</u>	<u>Outstanding Amount at June 30, 2023</u>
	General Obligation Bonds:	
\$ 396,000	Series 2010 general obligation bonds due in semi-annual installments of \$13,401 through October 2031, interest at 2.93%	\$ 199,788
7,285,000	Qualified School Construction Bonds issued November 13, 2009, due in various annual installments ranging from \$135,000 to \$515,000 through February 15, 2040 interest free as a federal tax credit is provided to bondholders	2,075,000
1,530,000	Qualified School Construction Bonds issued December 1, 2011, due in various annual installments ranging from \$52,000 to \$122,700 through December 1, 2030 interest free as a federal tax credit is provided to bondholders	676,000
2,330,000	Series 2013 general obligation bonds due in various annual installments through 2034, interest at various rates (\$2,330,000 of original issue allocated to governmental; \$490,000 to business-type)	1,532,677
1,275,000	VML / VACO Recovery Act Bonds issued November 13, 2009, due in various annual installments ranging from \$30,000 to \$70,000 through March 15, 2040	890,000
23,497,479	Series 2021 general obligation refunding bonds due in various annual installments through November 2042, interest at various rates (23,497,479 of original issue allocated to governmental, \$2,471,174 to stormwater, \$935,659 to Utility and \$200,689 to Golf)	22,851,634
4,644,250	Series 2019A general obligation refunding bonds due in various annual installments through October 2039, interest ranging from 3.125% to 5.125% (\$4,644,250 of original issue allocated to governmental and \$2,500,750 to business-type)	4,163,250

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2023
	General Obligation Bonds: (Continued)	
630,500	Series 2019B general obligation refunding bonds due in various annual installments through October 2039, interest ranging from 3.375% to 5.125% (630,500 of original issue allocated to governmental and \$339,500 to business-type)	568,750
	Total general obligation bonds	\$ <u>32,957,099</u>
	Lease Liabilities:	
7,500,000	Various leases for office space in various monthly payments through October 2026, discount ranging from 1.00% to 1.08%	\$ 316,318
	Various leases for vehicles payable in various monthly payments through February 2027, discount rate ranging from 7.27% to 8.50%	\$ <u>132,667</u>
	Total Lease liabilities	\$ <u>448,985</u>
	Qualified Zone Academy Bonds:	
2,000,000	Series 2014 issued October 14, 2014, due in various annual installments through December 1, 2024, final payment of \$215,000 due December 1, 2024	\$ <u>415,000</u>
	Total Qualified Zone Academy Bonds	\$ <u>415,000</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2023
	Stormwater Revenue Bond:	
\$ 2,471,174	Series 2021 general obligation refunding bonds due in various annual installments through November 2042, interest at various rates (23,497,479 of original issue allocated to governmental, \$2,471,174 to stormwater, \$935,659 to Utility and \$200,689 to Golf)	\$ <u>2,403,252</u>
	Total Stormwater Revenue Bond	\$ <u>2,403,252</u>
	Other Long-term Obligations:	
	Premium on bonds payable	862,883
	Discount on bonds payable	(207,665)
	Net pension liability	7,363,189
	Net OPEB liability	6,841,336
	Compensated absences	1,758,178
	Total governmental activities long-term obligations	\$ <u><u>52,842,257</u></u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities

The following is a summary of proprietary long-term obligation transactions of the City for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Public Utility Fund:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 7,225,659	\$ -	\$ 240,717	\$ 6,984,942	\$ 246,230
Notes payable	3,255,018	-	388,270	2,866,748	401,679
Premium on bonds issued	490,177	-	24,612	465,565	24,612
Net pension liability	29,059	623,438	329,221	323,276	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 64,111	\$ 5,026	\$ 15,666	\$ 53,471	-
Net GLI OPEB liability	57,400	38,653	39,412	56,641	-
Total Net OPEB liability	\$ 121,511	\$ 43,679	\$ 55,078	\$ 110,112	-
Compensated absences	77,642	20,626	7,764	90,504	9,050
Total Public Utility fund	\$ 11,199,066	\$ 687,743	\$ 1,045,662	\$ 10,841,147	\$ 681,571
Mass Transit Fund:					
Net pension liability	\$ 41,213	\$ 884,189	\$ 466,917	\$ 458,485	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 90,924	\$ 7,128	\$ 22,217	\$ 75,835	-
Net GLI OPEB liability	81,408	54,819	55,896	80,331	-
Total Net OPEB liability	\$ 172,332	\$ 61,947	\$ 78,113	\$ 156,166	-
Compensated absences	116,517	20,350	11,652	125,215	12,522
Total Mass Transit fund	\$ 330,062	\$ 966,486	\$ 556,682	\$ 739,866	\$ 12,522
Golf Course Fund:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 3,187,232	\$ -	\$ 121,736	\$ 3,065,496	\$ 126,893
Premium on bonds payable	439,271	-	24,404	414,867	24,404
Lease liability	110,963	-	55,204	55,759	55,759
Net pension liability	8,045	172,602	91,145	89,502	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 17,748	\$ 1,391	\$ 4,334	\$ 14,805	-
Net GLI OPEB liability	15,891	10,701	10,911	15,681	-
Total Net OPEB liability	\$ 33,639	\$ 12,092	\$ 15,245	\$ 30,486	-
Compensated absences	38,293	6,086	3,829	40,550	4,055
Total Golf Course fund	\$ 3,817,443	\$ 190,780	\$ 311,563	\$ 3,696,660	\$ 211,111
* Beginning balances were adjusted for the implementation of GASB 87					
Total Business-type Activities	\$ 15,346,571	\$ 1,845,009	\$ 1,913,907	\$ 15,277,673	\$ 905,204

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Details of long-term obligations transactions as of June 30, 2023:

Original Amount	Description	Outstanding Amount at June 30, 2023
	Public Utility Fund:	
	General Obligation Bonds:	
\$ 7,380,000	Series 2015A general obligation bonds due in various semi-annual installments of principal and interest through April 2041, interest at 3.79%	\$ 6,075,000
935,659	Series 2021 general obligation refunding bonds due in various annual installments through November 2042, interest at various rates (23,497,479 of original issue allocated to governmental, \$2,471,174 to stormwater, \$935,659 to Utility and \$200,689 to Golf)	909,942
	Total general obligation bonds	\$ 6,984,942
	Capital Leases	2,866,748
	Bond premium	465,565
	Net pension liability	323,276
	Net OPEB liability	110,112
	Compensated absences	90,504
	Total Public Utility Fund	\$ 10,841,147
	Mass Transit Fund:	
	Net pension liability	\$ 458,485
	Net OPEB liability	156,166
	Compensated absences	125,215
	Total Mass Transit Fund	\$ 739,866
	Golf Course Fund:	
	General Obligation Bonds:	
490,000	Series 2013 general obligation bonds due in various annual installments through 2034, interest at various rates (\$2,330,000 of original issue allocated to governmental; \$490,000 to business-type)	\$ 322,323
200,689	Series 2021 general obligation refunding bonds due in various annual installments through November 2042, interest at various rates (23,497,479 of original issue allocated to governmental, \$2,471,174 to stormwater, \$935,659 to Utility and \$200,689 to Golf)	195,173
2,500,750	Series 2019A general obligation refunding bonds due in various annual installments through October 2039, interest ranging from 3.125% to 5.125% (\$4,644,250 of original issue allocated to governmental and \$2,500,750 to business-type)	2,241,750
339,500	Series 2019B general obligation refunding bonds due in various annual installments through October 2039, interest ranging from 3.375% to 5.125% (630,500 of original issue allocated to governmental and \$339,500 to business-type)	306,250
	Total general obligation bonds	\$ 3,065,496
	Premium on bonds payable	414,867
	Lease liability	55,759
	Net pension liability	89,502
	Net OPEB liability	30,486
	Compensated absences	40,550
	Total Golf Course Fund	\$ 3,696,660
	Total business-type activities	\$ 15,277,673

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize business-type activities obligations outstanding as of June 30, 2023 are as follows:

Year Ending June 30,	Direct Borrowings and Direct Placements				Notes Payable		Lease Liability	
	General Obligation Bonds				Public Utility Fund		Golf Course Fund	
	Public Utility Fund		Golf Course Fund		Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest				
2024	\$ 246,230	\$ 284,838	\$ 126,893	\$ 132,181	\$ 401,679	\$ 91,248	\$ 55,759	\$ 256
2025	259,682	272,592	132,870	125,717	415,550	77,376	-	-
2026	274,854	259,669	139,026	118,990	429,902	63,025	-	-
2027	301,246	245,860	150,207	111,818	444,748	48,179	-	-
2028	301,753	234,185	154,289	104,331	460,107	32,820	-	-
2029	323,835	222,000	164,750	96,592	473,338	16,949	-	-
2030	329,687	209,111	171,526	88,365	241,424	2,400	-	-
2031	323,808	198,450	176,857	79,932	-	-	-	-
2032	361,769	187,040	188,973	71,522	-	-	-	-
2033	365,377	172,629	195,268	62,899	-	-	-	-
2034	376,413	157,493	205,978	53,812	-	-	-	-
2035	425,070	141,338	183,707	45,041	-	-	-	-
2036	440,582	122,005	191,494	36,861	-	-	-	-
2037	462,136	101,781	197,077	28,541	-	-	-	-
2038	479,034	80,628	206,235	20,474	-	-	-	-
2039	505,760	58,247	213,605	12,569	-	-	-	-
2040	527,831	36,175	222,799	4,907	-	-	-	-
2041	544,903	14,845	14,993	1,083	-	-	-	-
2042	112,880	2,333	24,212	500	-	-	-	-
2043	22,092	328	4,737	70	-	-	-	-
Total	\$ 6,984,942	\$ 3,001,547	\$ 3,065,496	\$ 1,196,205	\$ 2,866,748	\$ 331,997	\$ 55,759	\$ 256

Governmental Activities	Business-type Activities	Total
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Notes Payable:

\$5,289,403 issued January 8, 2014 proceeds to be used for installation of water meters for the Public Utility Fund; payable in various monthly installments of through December 2029; interest at 3.10%. At June 30, 2015 \$5,259,403 has been received of this obligation.

\$	-	\$ 2,866,748	\$ 2,866,748
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Total notes payable

\$	-	\$ 2,866,748	\$ 2,866,748
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CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Business-type Activities

The general obligation bonds payable totaling \$6,984,942 in the Public Utility Fund are secured by the full faith and credit of the City are expected to be paid from water utility fund service revenues. General obligation bonds payable totaling \$3,065,496 are expected to be paid from the operating revenues of the Golf Course.

Note 8—Unearned/Deferred/Unavailable Revenue:

The following is a summary of unearned/deferred/unavailable revenue for the year ended June 30, 2023:

Description	Governmental Funds			
	Unavailable General Fund	Unearned	Total Governmental Funds	Deferred Governmental Activities
		Federal and State Projects Fund		
Prepaid property taxes	\$ 31,346	\$ -	\$ 31,346	\$ 31,346
Local delinquent real and personal property taxes	10,830,024	-	10,830,024	-
	<u>\$ 10,861,370</u>	<u>\$ -</u>	<u>\$ 10,861,370</u>	<u>\$ 31,346</u>

Note 9—Commitments and Contingencies:

There were matters of noncompliance that were disclosed by audit. In addition, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

The City had the following commitments at year-end:

Project	Authorized Commitment	Expended/ Expensed as of June 30, 2023	Remaining Commitment
Park and Ride	\$ 4,899,875	\$ 4,865,925	\$ 33,950
Total	<u>\$ 4,899,875</u>	<u>\$ 4,865,925</u>	<u>\$ 33,950</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—Risk Management:

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

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

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

Note 11—Litigation:

At June 30, 2023, the City had the following matters of Litigation that have been settled or still pending:

Complaint against the City for wrongful termination in the amount of \$300,000. The City is vigorously defending these claims.

The City has had several other lawsuits brought against it. Most of this litigation is covered by insurance or settled through subsequent agreements.

Note 12—Pension Plan:

Plan Description

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

Note 12—Pension Plan: (Continued)

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plan: (Continued)

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	889
Inactive members:	
Vested inactive members	163
Non-vested inactive members	259
Active members active elsewhere in VRS	521
Total inactive members	<u>943</u>
Active members	526
Total covered employees	<u><u>2,358</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement

The City's contractually required contribution rate for the year ended June 30, 2023 was 12.27% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$3,261,143 and \$2,820,907 for the years ended June 30, 2023 and June 30, 2022, respectively.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plan: (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The City's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City’s Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits: (Continued)

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.83%

*

The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the City was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plan: (Continued)

Discount Rate: (Continued)

30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 190,964,375	\$ 190,224,187	\$ 740,188
Changes for the year:			
Service cost	\$ 3,009,180	\$ -	\$ 3,009,180
Interest	12,678,635	-	12,678,635
Changes of assumptions	-	-	-
Differences between expected and actual experience	(4,360,313)	-	(4,360,313)
Contributions - employer	-	2,802,828	(2,802,828)
Contributions - employee	-	1,218,155	(1,218,155)
Net investment income	-	(72,186)	72,186
Benefit payments, including refunds of employee contributions	(12,283,836)	(12,283,836)	-
Administrative expenses	-	(120,124)	120,124
Other changes	-	4,565	(4,565)
Net changes	\$ (956,334)	\$ (8,450,598)	\$ 7,494,264
Balances at June 30, 2022	\$ 190,008,041	\$ 181,773,589	\$ 8,234,452

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

The following presents the net pension asset of the City using the discount rate of 6.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
City Net Pension Liability	30,733,405	8,234,452	(10,415,184)

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plan: (Continued)

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

For the year ended June 30, 2023, the City recognized pension expense of (\$449,439). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,016,059
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,711,778
Employer contributions subsequent to the measurement date	<u>3,261,143</u>	<u>-</u>
Total	<u>\$ 3,261,143</u>	<u>\$ 7,727,837</u>

\$3,261,143 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a component of the Net Pension Asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2024	\$ (4,182,670)
2025	(2,279,748)
2026	(3,791,327)
2027	2,525,908
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Landfill Closure and Postclosure Care Costs:

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

Note 14—Expenditures and Appropriations:

The following functions had expenditures in excess of appropriations: General government administration \$150,597, Judicial Administration \$91,567, Public Safety \$1,203,801, Community Development \$2,960,555 and Debt Service \$762,039.

Note 15—Other Postemployment Benefits:

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan):

Plan Description

In addition to the pension benefits described in Note 12, the City administers a single-employer defined benefit healthcare plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the City’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Post-employment benefits are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the City who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits. In addition, the City provides a fixed basic death benefit for all retirees.

Plan Membership

At July 1, 2021, (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	524
Total retirees with coverage		<u>16</u>
Total	\$	<u><u>540</u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the City Board.

Net/Total OPEB Liability

The City's net/total OPEB liability was measured as of July 1, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	3.69%

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year, Tax-Exempt General Obligation Municipal Bonds with an average rating of AA/Aa or higher. The final equivalent single discount rate used for this year's valuation is 1.92% as of the end of the fiscal year with the expectation that the City will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Net/Total OPEB Liability

Changes in Net OPEB Liability - City	
	Primary Government Total OPEB Liability
Balances at June 30, 2021	\$ 1,633,000
Changes for the year:	
Service cost	96,000
Interest	32,000
Difference between expected and actual experience	-
Changes in assumptions	(325,000)
Contributions - employer	(74,000)
Net changes	\$ (271,000)
Balances at June 30, 2022	\$ 1,362,000

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

Sensitivity of the Total OPEB Liability to Changes in Discount Rate

The following amounts present the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

Rate		
1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
\$ 1,495,000	\$ 1,362,000	\$ 1,244,000

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (15.08% decreasing to an ultimate rate of 4%) or one percentage point higher (17.08% decreasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (15.08% decreasing to 4.00%)	Healthcare Cost Trend (16.08% decreasing to 5.00%)	1% Increase (17.08% decreasing to 6.00%)
\$ 1,212,000	\$ 1,362,000	\$ 1,540,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the City recognized OPEB expense of (\$18,000). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 175,000	\$ 251,000
Changes in assumptions	137,000	305,000
Total	<u>\$ 312,000</u>	<u>\$ 556,000</u>

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	
2024	\$ (154,000)
2025	(77,000)
2026	14,000
2027	(22,000)
2028	(5,000)
Thereafter	-

Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$152,350 and \$140,743 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2023, the entity reported a liability of \$1,462,092 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.11980% as compared to 0.12560% at June 30, 2021.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of (\$921). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 114,247	\$ 57,880
Net difference between projected and actual earnings on GLI OPEB program investments	-	90,151
Change in assumptions	53,812	140,529
Changes in proportion	97,466	150,181
Employer contributions subsequent to the measurement date	<u>152,350</u>	<u>-</u>
Total	<u>\$ 417,875</u>	<u>\$ 438,741</u>

\$152,350 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (36,933)
2025	(13,779)
2026	(83,766)
2027	(14,615)
2028	(24,123)
Thereafter	-

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.5%
Salary increases, including inflation:	
Teachers	3.5%-5.95%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<u>GLI OPEB Plan</u>
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	2,467,989
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
	**Expected arithmetic nominal return		<u>7.83%</u>

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer’s proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City's proportionate share of the Group Life Insurance Program Net OPEB Liability	2,099,368	1,442,748	912,110

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System’s actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Line of Duty Act (LODA) Program: (Continued)

Plan Description

The specific information for LODA OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$134,834 and \$157,697 for the years ended June 30, 2023 and June 30, 2022, respectively.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Line of Duty Act (LODA) Program: (Continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (Continued)

At June 30, 2023, the entity reported a liability of \$5,198,365 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the entity's proportion was 1.14500% as compared to 1.17880% at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of \$514,266. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2023, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 332,919	\$ 809,894
Net difference between projected and actual earnings on LODA OPEB plan investments	-	18,531
Change in assumptions	1,208,452	1,068,806
Change in proportion	228,769	604,301
Employer contributions subsequent to the measurement date	<u>134,834</u>	<u>-</u>
Total	<u>\$ 1,904,974</u>	<u>\$ 2,501,532</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Line of Duty Act (LODA) Program: (Continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB: (Continued)

\$157,697 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity’s contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2024	\$	(68,506)
2025		(68,110)
2026		(67,689)
2027		(22,033)
2028		(17,856)
Thereafter		(487,199)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.69%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Line of Duty Act (LODA) Program: (Continued)

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Plan</u>
Total LODA OPEB Liability	\$ 385,669
Plan Fiduciary Net Position	7,214
LODA Net OPEB Liability (Asset)	<u>\$ 378,455</u>
 Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	 1.87%

The total LODA OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments’ 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Line of Duty Act (LODA) Program: (Continued)

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 3.69%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	Discount Rate		
	1% Decrease (2.69%)	Current (3.69%)	1% Increase (4.69%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 4,946,481	\$ 4,333,352	\$ 3,831,742

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 3,651,792	\$ 4,333,352	\$ 5,188,816

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Aggregate Pension Information

	VRS OPEB Plans			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Primary Government				
Group Life Insurance Program:				
County	\$ 417,875	\$ 438,741	\$ 1,442,748	\$ (921)
Line of Duty Act Program	1,904,974	2,501,532	4,333,352	514,266
County Stand-Alone Plan	312,000	556,000	1,362,000	(18,000)
Totals	<u>\$ 2,634,849</u>	<u>\$ 3,496,273</u>	<u>\$ 7,138,100</u>	<u>\$ 495,345</u>

Note 16—Upcoming Pronouncements:

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 17—Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The City maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The City has the following recurring fair value measurements as of June 30, 2023:

<u>Investment</u>	<u>Fair Value Measurements Using</u>			
	<u>6/30/2023</u>	<u>Quoted Prices in Active Markets or Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Treasury Money Market Funds	\$ 684,062	\$ 684,062	\$ -	\$ -
Total	<u>\$ 684,062</u>	<u>\$ 684,062</u>	<u>\$ -</u>	<u>\$ -</u>

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- General Fund
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 37,307,828	\$ 37,307,828	\$ 43,302,038	\$ 5,994,210
Other local taxes	13,617,400	13,617,400	16,824,697	3,207,297
Permits, privilege fees and regulatory licenses	309,540	309,540	559,790	250,250
Fines and forfeitures	530,000	530,000	564,504	34,504
Revenue from use of money and property	310,000	310,000	474,192	164,192
Charges for services	2,719,188	2,719,188	3,249,034	529,846
Miscellaneous	898,500	898,500	527,256	(371,244)
Recovered costs	91,000	91,000	119,468	28,468
Intergovernmental:				
Commonwealth	15,008,845	15,072,923	15,229,311	156,388
Federal	7,610,962	7,610,962	7,564,984	(45,978)
Total revenues	\$ 78,403,263	\$ 78,467,341	\$ 88,415,274	\$ 9,947,933
Expenditures:				
Current:				
General government administration	\$ 7,950,153	\$ 7,950,153	\$ 8,100,750	\$ (150,597)
Judicial administration	4,276,589	4,295,489	4,387,056	(91,567)
Public safety	23,684,984	23,536,984	24,740,785	(1,203,801)
Public works	5,800,820	5,800,820	5,712,162	88,658
Health and welfare	15,857,045	15,857,045	13,396,751	2,460,294
Education	10,006,213	10,006,213	10,004,713	1,500
Parks, recreation, and cultural	2,668,500	2,711,678	2,203,208	508,470
Community development	1,111,312	1,111,312	4,071,867	(2,960,555)
Debt service:				
Principal retirement	1,684,292	1,684,292	2,901,463	(1,217,171)
Interest and other fiscal charges	1,442,977	1,442,977	987,845	455,132
Nondepartmental	1,379,152	1,529,152	825,265	703,887
Total expenditures	\$ 75,862,037	\$ 75,926,115	\$ 77,331,865	\$ (1,405,750)
Excess (deficiency) of revenues over (under) expenditures	\$ 2,541,226	\$ 2,541,226	\$ 11,083,409	\$ 8,542,183
Other financing sources (uses):				
Transfers (out)	\$ (2,541,226)	\$ (2,541,226)	\$ (9,011,496)	\$ (6,470,270)
Total other financing sources (uses)	\$ (2,541,226)	\$ (2,541,226)	\$ (9,011,496)	\$ (6,470,270)
Changes in fund balance	\$ -	\$ -	\$ 2,071,913	\$ 2,071,913
Fund balances at beginning of year	-	-	45,443,646	45,443,646
Fund balances at end of year	\$ -	\$ -	\$ 47,515,559	\$ 47,515,559

Schedule of Changes in Net Pension Liability and Related Ratios - Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019
Total pension liability				
Service cost	\$ 3,009,180	\$ 2,990,366	\$ 2,971,664	\$ 2,681,204
Interest	12,678,635	11,973,334	11,612,161	11,405,702
Changes of assumptions	-	8,654,151	-	4,662,678
Difference between expected and actual experience	(4,360,313)	(4,135,422)	2,275,675	1,663,207
Benefit payments, including refunds of employee contributions	(12,283,836)	(11,801,559)	(11,216,007)	(11,422,751)
Net change in total pension liability	\$ (956,334)	\$ 7,680,870	\$ 5,643,493	\$ 8,990,040
Total pension liability - beginning	190,964,375	183,283,505	177,640,012	168,649,972
Total pension liability - ending (a)	<u>\$ 190,008,041</u>	<u>\$ 190,964,375</u>	<u>\$ 183,283,505</u>	<u>\$ 177,640,012</u>
Plan fiduciary net position				
Contributions - employer	\$ 2,802,828	\$ 2,778,162	\$ 3,078,425	\$ 2,961,589
Contributions - employee	1,218,155	1,253,770	1,274,201	1,212,375
Net investment income	(72,186)	41,866,122	3,019,383	10,191,653
Benefit payments, including refunds of employee contributions	(12,283,836)	(11,801,559)	(11,216,007)	(11,422,751)
Administrative expense	(120,124)	(108,818)	(106,743)	(106,124)
Other	4,565	3,746	(3,817)	(6,395)
Net change in plan fiduciary net position	\$ (8,450,598)	\$ 33,991,423	\$ (3,954,558)	\$ 2,830,347
Plan fiduciary net position - beginning	190,224,187	156,232,764	160,187,322	157,356,975
Plan fiduciary net position - ending (b)	<u>\$ 181,773,589</u>	<u>\$ 190,224,187</u>	<u>\$ 156,232,764</u>	<u>\$ 160,187,322</u>
Political subdivision's net pension liability - ending (a) - (b)	\$ 8,234,452	\$ 740,188	\$ 27,050,741	\$ 17,452,690
Plan fiduciary net position as a percentage of the total pension liability	95.67%	99.61%	85.24%	90.18%
Covered payroll	\$ 25,655,629	\$ 25,589,062	\$ 26,724,512	\$ 24,955,928
Political subdivision's net pension liability as a percentage of covered payroll	32.10%	2.89%	101.22%	69.93%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net Pension Liability and Related Ratios - Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 2,353,140	\$ 3,055,598	\$ 3,036,014	\$ 3,356,539	\$ 3,390,570
Interest	11,566,814	11,546,346	11,539,850	11,204,390	10,849,513
Changes of assumptions	-	1,186,745	-	-	-
Difference between expected and actual experience	(5,239,864)	(5,065,312)	(4,369,974)	(209,785)	-
Benefit payments, including refunds of employee contributions	(10,540,638)	(10,321,304)	(9,904,881)	(9,212,842)	(9,127,979)
Net change in total pension liability	\$ (1,860,548)	\$ 402,073	\$ 301,009	\$ 5,138,302	\$ 5,112,104
Total pension liability - beginning	170,510,520	170,108,447	169,807,438	164,669,136	159,557,032
Total pension liability - ending (a)	\$ 168,649,972	\$ 170,510,520	\$ 170,108,447	\$ 169,807,438	\$ 164,669,136
Plan fiduciary net position					
Contributions - employer	\$ 2,606,309	\$ 2,460,903	\$ 3,709,379	\$ 4,137,457	\$ 3,913,309
Contributions - employee	1,090,142	1,028,699	1,210,165	1,351,478	1,353,263
Net investment income	11,137,059	17,049,569	2,433,881	6,468,611	19,817,721
Benefit payments, including refunds of employee contributions	(10,540,638)	(10,321,304)	(9,904,881)	(9,212,842)	(9,127,979)
Administrative expense	(99,753)	(103,173)	(92,264)	(90,934)	(108,941)
Other	(9,767)	(14,969)	(1,051)	(1,359)	1,045
Net change in plan fiduciary net position	\$ 4,183,352	\$ 10,099,725	\$ (2,644,771)	\$ 2,652,411	\$ 15,848,418
Plan fiduciary net position - beginning	153,173,623	143,073,898	145,718,669	143,066,258	127,217,840
Plan fiduciary net position - ending (b)	\$ 157,356,975	\$ 153,173,623	\$ 143,073,898	\$ 145,718,669	\$ 143,066,258
Political subdivision's net pension liability - ending (a) - (b)	\$ 11,292,997	\$ 17,336,897	\$ 27,034,549	\$ 24,088,769	\$ 21,602,878
Plan fiduciary net position as a percentage of the total pension liability	93.30%	89.83%	84.11%	85.81%	86.88%
Covered payroll	\$ 22,168,909	\$ 19,745,912	\$ 24,318,079	\$ 26,986,626	\$ 26,328,270
Political subdivision's net pension liability as a percentage of covered payroll	50.94%	87.80%	111.17%	89.26%	82.05%

Schedule of Employer Contributions - Pension Plans
 Years Ended June 30, 2014 through June 30, 2023

<u>Date</u>	<u>Contractually Required Contribution (1)*</u>	<u>Contributions in Relation to Contractually Required Contribution (2)*</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2023	\$ 3,261,143	\$ 3,261,143	\$ -	\$ 28,071,946	11.62%
2022	2,820,907	2,820,907	-	25,655,629	11.00%
2021	2,792,294	2,792,294	-	25,589,062	10.91%
2020	3,098,568	3,098,568	-	26,724,512	11.59%
2019	2,912,650	2,912,650	-	24,955,928	11.67%
2018	2,601,279	2,601,279	-	22,168,909	11.73%
2017	2,371,484	2,371,484	-	19,745,912	12.01%
2016	3,708,507	3,708,507	-	24,318,079	15.25%
2015	4,065,367	4,065,367	-	26,986,626	15.25%
2014	3,915,014	3,915,014	-	26,328,270	14.87%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Notes to Required Supplementary Information - Pension Plans
Year Ended June 30, 2023

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions -The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non-10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of July 1, 2017 through July 1, 2022

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 96,000	\$ 60,000	\$ 55,000	\$ 68,000	\$ 77,000	\$ 75,000
Interest	32,000	30,000	39,000	72,000	72,000	70,000
Differences between expected and actual experience	-	273,000	(87,000)	(661,000)	(142,000)	-
Changes in assumptions	(325,000)	154,000	73,000	(152,000)	35,000	-
Contributions	(74,000)	(94,000)	(114,000)	-	(116,000)	(112,000)
Net change in total OPEB liability	\$ (271,000)	\$ 423,000	\$ (34,000)	\$ (673,000)	\$ (74,000)	\$ 33,000
Total OPEB liability - beginning	1,633,000	1,210,000	1,244,000	1,917,000	1,991,000	1,958,000
Total OPEB liability - ending	\$ 1,362,000	\$ 1,633,000	\$ 1,210,000	\$ 1,244,000	\$ 1,917,000	\$ 1,991,000
Covered-employee payroll	\$ 25,179,000	\$ 25,179,000	\$ 21,947,000	\$ 21,947,000	\$ 19,792,000	\$ 19,792,000
City's total OPEB liability (asset) as a percentage of covered-employee payroll	5.41%	6.49%	5.51%	5.67%	9.69%	10.06%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Notes to Required Supplementary Information - City OPEB
 Year Ended June 30, 2023

Valuation Date: 7/1/2021
 Measurement Date: 7/1/2022

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	3.69%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at (16.08%) in 2022 and gradually declines to 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

Schedule of City's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 Measurement Dates Ending June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2022	0.1198%	\$ 1,442,748	\$ 26,063,472	5.54%	67.21%
2021	0.1256%	1,462,092	25,928,358	5.64%	67.45%
2020	0.1310%	2,186,009	26,957,691	8.11%	52.64%
2019	0.1286%	2,080,623	25,064,922	8.30%	52.00%
2018	0.1178%	1,790,000	22,407,864	7.99%	51.22%
2017	0.1139%	1,715,000	21,017,588	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 152,350	\$ 152,350	\$ -	\$ 28,213,031	0.54%
2022	140,743	140,743	-	26,063,472	0.54%
2021	140,013	140,013	-	25,928,358	0.54%
2020	140,180	140,180	-	26,957,691	0.52%
2019	130,338	130,338	-	25,064,922	0.52%
2018	116,521	116,521	-	22,407,864	0.52%
2017	109,291	109,291	-	21,017,588	0.52%
2016	131,087	131,087	-	24,733,312	0.53%
2015	143,793	143,793	-	27,130,758	0.53%
2014	139,900	139,900	-	26,396,244	0.53%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2023

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act Program (LODA)
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2022	1.1450%	\$ 4,333,352	\$ Not Applicable	Not Applicable	1.87%
2021	1.1788%	5,198,365	Not Applicable	Not Applicable	1.68%
2020	1.2178%	5,100,418	Not Applicable	Not Applicable	1.02%
2019	1.3041%	4,679,038	Not Applicable	Not Applicable	0.79%
2018	1.1692%	3,666,000	Not Applicable	Not Applicable	0.60%
2017	1.3244%	3,480,000	Not Applicable	Not Applicable	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Information prior to 2017 is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Line of Duty Act Program (LODA)
 For the Years Ended June 30, 2017 through June 30, 2023

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Covered- Employee Payroll * (4)</u>	<u>Contributions as a % of Covered - Employee Payroll (5)</u>
2023	\$ 134,834	\$ 134,834	\$ -	\$ Not Applicable	Not Applicable
2022	157,697	157,697	-	Not Applicable	Not Applicable
2021	162,293	162,293	-	Not Applicable	Not Applicable
2020	165,503	165,503	-	Not Applicable	Not Applicable
2019	175,031	175,031	-	Not Applicable	Not Applicable
2018	124,538	124,538	-	Not Applicable	Not Applicable
2017	146,000	146,000	-	Not Applicable	Not Applicable

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Notes to Required Supplementary Information
 Line of Duty Act Program (LODA)
 Year Ended June 30, 2023

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds
 Combining Balance Sheet
 At June 30, 2023

	Special Revenue Funds			Permanent Funds			Total
	Federal and State Projects Fund	Community Development Act Fund	Stormwater Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	
ASSETS							
Cash and cash equivalents	\$ 24,210,537	\$ 452,447	\$ 4,877,842	\$ 250,071	\$ -	\$ -	\$ 29,790,897
Restricted cash	-	-	-	1,952,280	8,547	2,000	1,962,827
Receivables (Net of allowance for uncollectibles) Accounts	-	-	308,816	-	-	-	308,816
Prepaid items	219,766	-	5,657	-	-	-	225,423
Due from other funds	35,854	5,209	119,957	-	-	-	161,020
Due from other governments	131,610	0	-	-	-	-	131,610
Total assets	\$ 24,597,767	\$ 457,656	\$ 5,312,272	\$ 2,202,351	\$ 8,547	\$ 2,000	\$ 32,580,593
LIABILITIES							
Accounts payable	\$ 1,353,727	\$ 46,553	\$ 73	\$ -	\$ -	\$ -	\$ 1,400,353
Accrued salaries payable	106,685	8,204	9,025	-	-	-	123,914
Unearned revenue	11,813,674	-	-	-	-	-	11,813,674
Due to other funds	84,204	-	-	250,071	-	-	334,275
Total liabilities	\$ 13,358,290	\$ 54,757	\$ 9,098	\$ 250,071	\$ -	\$ -	\$ 13,672,216
FUND BALANCES							
Nonspendable:							
Cemetery Perpetual care	\$ -	\$ -	\$ -	\$ 1,952,280	\$ -	\$ -	\$ 1,952,280
Prepaid items	219,766	-	5,657	-	-	-	225,423
McKenney scholarships	-	-	-	-	8,547	-	8,547
Library	-	-	-	-	-	2,000	2,000
Restricted:							
Grants	11,019,711	402,899	-	-	-	-	11,422,610
Committed:							
Stormwater	-	-	5,297,517	-	-	-	5,297,517
Total fund balances	\$ 11,239,477	\$ 402,899	\$ 5,303,174	\$ 1,952,280	\$ 8,547	\$ 2,000	\$ 18,908,377
Total liabilities and fund balances	\$ 24,597,767	\$ 457,656	\$ 5,312,272	\$ 2,202,351	\$ 8,547	\$ 2,000	\$ 32,580,593

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2023

	Special Revenue Funds			Permanent Funds			Total
	Federal and State Projects Fund	Community Development Act Fund	Stormwater Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	
Revenues:							
Revenue from use of money and property	\$ 10	\$ -	\$ -	\$ 4,143	\$ -	\$ -	\$ 4,153
Charges for services	-	-	1,388,774	7,250	-	-	1,396,024
Miscellaneous	37,879	-	-	-	-	-	37,879
Recovered costs	-	-	-	-	-	-	-
Intergovernmental:							
Commonwealth	8,783,332	-	-	-	-	-	8,783,332
Federal	5,837,458	797,787	-	-	-	-	6,635,245
Total revenues	\$ 14,658,679	\$ 797,787	\$ 1,388,774	\$ 11,393	\$ -	\$ -	\$ 16,856,633
Expenditures:							
Judicial administration	\$ 367,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 367,305
Public safety	6,178,332	-	-	-	-	-	6,178,332
Public works	6,969,338	-	397,109	-	-	-	7,366,447
Health and welfare	3,420	-	-	-	-	-	3,420
Community development	102,659	1,016,139	-	-	-	-	1,118,798
Debt service:							
Principal retirement	-	-	67,922	-	-	-	67,922
Interest and other fiscal charges	-	-	63,151	-	-	-	63,151
Total expenditures	\$ 13,621,054	\$ 1,016,139	\$ 528,182	\$ -	\$ -	\$ -	\$ 15,165,375
Excess (deficiency) of revenues over (under) expenditures	\$ 1,037,625	\$ (218,352)	\$ 860,592	\$ 11,393	\$ -	\$ -	\$ 1,691,258
Other financing sources (uses):							
Transfers in	\$ 5,816,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,816,428
Transfers (out)	(463,978)	-	(2,600)	-	-	-	(466,578)
Total other financing sources (uses)	\$ 5,352,450	\$ -	\$ (2,600)	\$ -	\$ -	\$ -	\$ 5,349,850
Changes in fund balances	\$ 6,390,075	\$ (218,352)	\$ 857,992	\$ 11,393	\$ -	\$ -	\$ 7,041,108
Fund balances at beginning of year	4,849,402	621,251	4,445,182	1,940,887	8,547	2,000	11,867,269
Fund balances at end of year	\$ 11,239,477	\$ 402,899	\$ 5,303,174	\$ 1,952,280	\$ 8,547	\$ 2,000	\$ 18,908,377

Nonmajor Governmental Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Funds
Year Ended June 30, 2023

	<u>Federal and State Projects Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 10	\$ 10
Charges for services	-	-	-	-
Miscellaneous	101,768	101,768	37,879	(63,889)
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	7,377,997	52,293,669	8,783,332	(43,510,337)
Federal	250,588	17,549,994	5,837,458	(11,712,536)
Total revenues	<u>\$ 7,730,353</u>	<u>\$ 69,945,431</u>	<u>\$ 14,658,679</u>	<u>\$ (55,286,752)</u>
Expenditures:				
Current:				
Judicial administration	\$ 309,551	\$ 609,551	\$ 367,305	\$ 242,246
Public safety	611,114	17,803,609	6,178,332	11,625,277
Public works	6,746,448	51,469,031	6,969,338	44,499,693
Health and welfare	-	-	3,420	(3,420)
Parks, recreation and cultural	-	-	-	-
Community development	111,412	111,412	102,659	8,753
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ 7,778,525</u>	<u>\$ 69,993,603</u>	<u>\$ 13,621,054</u>	<u>\$ 56,372,549</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (48,172)</u>	<u>\$ (48,172)</u>	<u>\$ 1,037,625</u>	<u>\$ 1,085,797</u>
Other financing sources (uses):				
Transfers in	\$ 48,172	\$ 48,172	\$ 5,816,428	\$ 5,768,256
Transfers (out)	-	-	(463,978)	-
Total other financing sources (uses)	<u>\$ 48,172</u>	<u>\$ 48,172</u>	<u>\$ 5,816,428</u>	<u>\$ 5,768,256</u>
Changes in fund balances	\$ -	\$ -	\$ 6,854,053	\$ 6,854,053
Fund balance at beginning of the year	-	-	4,849,402	4,849,402
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,703,455</u>	<u>\$ 11,703,455</u>

Nonmajor Governmental Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Funds
Year Ended June 30, 2023

	Community Development Act Fund				Stormwater Fund			
	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:								
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	1,243,066	1,243,066	1,388,774	145,708
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	-	-	-	-	-	-	-	-
Federal	583,253	583,253	797,787	214,534	-	-	-	-
Total revenues	\$ 583,253	\$ 583,253	\$ 797,787	\$ 214,534	\$ 1,243,066	\$ 1,243,066	\$ 1,388,774	\$ 145,708
Expenditures:								
Current:								
Judicial administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	1,092,736	1,092,736	397,109	695,627
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	583,253	583,253	1,016,139	(432,886)	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	61,200	61,200	67,922	(6,722)
Interest and other fiscal charges	-	-	-	-	89,130	89,130	63,151	25,979
Total expenditures	\$ 583,253	\$ 583,253	\$ 1,016,139	\$ (432,886)	\$ 1,243,066	\$ 1,243,066	\$ 528,182	\$ 714,884
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (218,352)	\$ (218,352)	\$ -	\$ -	\$ 860,592	\$ 860,592
Other financing sources (uses):								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers (out)	-	-	-	-	-	-	(2,600)	(2,600)
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,600)	\$ (2,600)
Changes in fund balances	\$ -	\$ -	\$ (218,352)	\$ (218,352)	\$ -	\$ -	\$ 857,992	\$ 857,992
Fund balance at beginning of the year	-	-	621,251	621,251	-	-	4,445,182	4,445,182
Fund balance at end of the year	\$ -	\$ -	\$ 402,899	\$ 402,899	\$ -	\$ -	\$ 5,303,174	\$ 5,303,174

Combining Statement of Fiduciary Net Position - Custodial Funds
At June 30, 2023

	<u>Special Welfare Fund</u>	<u>Drug Seizure Fund</u>	<u>Industrial Development Authority</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 65,509	\$ 82,498	\$ -	\$ 148,007
Land held for resale	<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>2,500,000</u>
Total assets	<u>\$ 65,509</u>	<u>\$ 82,498</u>	<u>\$ 2,500,000</u>	<u>\$ 2,648,007</u>
NET POSITION				
Restricted For:				
Social services clients	\$ 65,509	\$ -	\$ -	\$ 65,509
Economic development			2,500,000	2,500,000
Drug funds	<u>-</u>	<u>82,498</u>	<u>-</u>	<u>82,498</u>
Total net position	<u>\$ 65,509</u>	<u>\$ 82,498</u>	<u>\$ 2,500,000</u>	<u>\$ 2,648,007</u>

Custodial Funds
Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023

	Special Welfare Fund	Drug Seizure Fund	Industrial Development Authority	Total
Additions:				
Contributions				
Private contributions	\$ -	\$ -	\$ -	\$ -
Government contributions	-	-	-	-
Inmate contributions	-	-	-	-
Total contributions	\$ -	\$ -	\$ -	\$ -
Investment earnings:				
Interest	\$ 9	\$ -	\$ -	\$ 9
Total investment earnings	\$ 9	\$ -	\$ -	\$ 9
Total additions	\$ 9	\$ -	\$ -	\$ 9
Deductions:				
Drug Seizure disbursements	\$ -	\$ 8,001	\$ -	\$ 8,001
Total deductions	\$ -	\$ 8,001	\$ -	\$ 8,001
Net increase (decrease) in fiduciary net position	\$ 9	\$ (8,001)	\$ -	\$ (7,992)
Net position - beginning	65,500	90,499	2,500,000	2,655,999
Net position - ending	\$ 65,509	\$ 82,498	\$ 2,500,000	\$ 2,648,007

Supporting Schedules

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 26,095,839	\$ 26,095,839	\$ 28,906,712	\$ 2,810,873
Real and personal public service corporation property taxes	2,500,000	2,500,000	2,613,619	113,619
Personal property taxes	5,700,000	5,700,000	8,456,924	2,756,924
Mobile home taxes	16,500	16,500	21,239	4,739
Machinery and tools taxes	1,515,489	1,515,489	1,554,507	39,018
Penalties	600,000	600,000	761,912	161,912
Interest	880,000	880,000	987,125	107,125
Total general property taxes	<u>\$ 37,307,828</u>	<u>\$ 37,307,828</u>	<u>\$ 43,302,038</u>	<u>\$ 5,994,210</u>
Other local taxes:				
Local sales and use taxes	\$ 4,100,000	\$ 4,100,000	\$ 5,357,732	\$ 1,257,732
Consumer utility taxes	1,758,000	1,758,000	784,571	(973,429)
Business license taxes	2,080,000	2,080,000	4,394,071	2,314,071
Bank stock taxes	200,000	200,000	198,562	(1,438)
Motor vehicle licenses	500,000	500,000	721,329	221,329
Taxes on recordation and wills	454,400	454,400	265,197	(189,203)
Cigarette taxes	815,000	815,000	663,865	(151,135)
Admission and amusement taxes	10,000	10,000	39,421	29,421
Lodging taxes	700,000	700,000	781,889	81,889
Meals taxes	3,000,000	3,000,000	3,618,060	618,060
Total other local taxes	<u>\$ 13,617,400</u>	<u>\$ 13,617,400</u>	<u>\$ 16,824,697</u>	<u>\$ 3,207,297</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 240	\$ 240	\$ 1,170	\$ 930
Other permits and licenses	309,300	309,300	558,620	249,320
Total permits, privilege fees and regulatory licenses	<u>\$ 309,540</u>	<u>\$ 309,540</u>	<u>\$ 559,790</u>	<u>\$ 250,250</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 300,000	\$ 300,000	\$ 217,013	\$ (82,987)
Other fines and forfeitures	230,000	230,000	347,491	117,491
Total fines and forfeitures	<u>\$ 530,000</u>	<u>\$ 530,000</u>	<u>\$ 564,504</u>	<u>\$ 34,504</u>
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ -	\$ -
Revenue from use of property	310,000	310,000	474,192	164,192
Total revenue from use of money and property	<u>\$ 310,000</u>	<u>\$ 310,000</u>	<u>\$ 474,192</u>	<u>\$ 164,192</u>

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
EMS transportation fees	\$ 40,000	\$ 40,000	\$ 6,552	\$ (33,448)
Court costs	161,850	161,850	190,373	28,523
Commonwealth attorney fees	3,000	3,000	4,047	1,047
Sheriff fees	79,750	79,750	108,989	29,239
Other protection	3,000	3,000	-	(3,000)
Sanitation and waste removal	2,207,000	2,207,000	2,674,801	467,801
Recreation fees	15,000	15,000	47,543	32,543
Treasurer's fees	78,880	78,880	62,893	(15,987)
Other services rendered	124,040	124,040	148,433	24,393
Library fees	6,668	6,668	5,403	(1,265)
Total charges for services	<u>\$ 2,719,188</u>	<u>\$ 2,719,188</u>	<u>\$ 3,249,034</u>	<u>\$ 529,846</u>
Miscellaneous:				
Payment in lieu of tax	\$ 850,000	\$ 850,000	\$ 24,036	\$ (825,964)
Other miscellaneous revenue	48,500	48,500	503,220	454,720
Total miscellaneous	<u>\$ 898,500</u>	<u>\$ 898,500</u>	<u>\$ 527,256</u>	<u>\$ (371,244)</u>
Recovered costs:				
Recoveries and rebates	\$ 45,000	\$ 45,000	\$ 96,732	\$ 51,732
Gasoline and other items	46,000	46,000	22,736	(23,264)
Total recovered costs	<u>\$ 91,000</u>	<u>\$ 91,000</u>	<u>\$ 119,468</u>	<u>\$ 28,468</u>
Total revenue from local sources	<u>\$ 55,783,456</u>	<u>\$ 55,783,456</u>	<u>\$ 65,620,979</u>	<u>\$ 9,837,523</u>
Intergovernmental:				
Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 1,250	\$ 1,250	\$ 1,402	\$ 152
Tax on deeds	50,000	50,000	128,050	78,050
Rolling stock tax	70,000	70,000	78,146	8,146
Auto rental tax	80,000	80,000	145,793	65,793
Communications tax	1,500,000	1,500,000	1,275,891	(224,109)
PPTRA	2,726,040	2,726,040	2,726,040	-
Total noncategorical aid	<u>\$ 4,427,290</u>	<u>\$ 4,427,290</u>	<u>\$ 4,355,322</u>	<u>\$ (71,968)</u>

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental (Continued):				
Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 840,000	\$ 860,900	\$ 901,694	\$ 40,794
Sheriff	682,500	682,500	709,779	27,279
Commissioner of the Revenue	168,000	168,000	162,672	(5,328)
Treasurer	101,850	101,850	112,543	10,693
Registrar/electoral board	73,500	73,500	78,707	5,207
Clerk of the Circuit Court	367,500	367,500	411,658	44,158
Total shared expenses	<u>\$ 2,233,350</u>	<u>\$ 2,254,250</u>	<u>\$ 2,377,053</u>	<u>\$ 122,803</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 3,300,000	\$ 3,300,000	\$ 3,276,932	\$ (23,068)
Comprehensive services act grant	2,300,000	2,300,000	2,146,909	(153,091)
Law enforcement	2,248,996	2,248,996	2,472,682	223,686
Library	150,000	193,178	237,237	44,059
VJCCCA grant	84,000	84,000	64,308	(19,692)
Other state funds	265,209	265,209	298,868	33,659
Total other categorical aid	<u>\$ 8,348,205</u>	<u>\$ 8,391,383</u>	<u>\$ 8,496,936</u>	<u>\$ 105,553</u>
Total categorical aid	<u>\$ 10,581,555</u>	<u>\$ 10,645,633</u>	<u>\$ 10,873,989</u>	<u>\$ 228,356</u>
Total Commonwealth	<u>\$ 15,008,845</u>	<u>\$ 15,072,923</u>	<u>\$ 15,229,311</u>	<u>\$ 156,388</u>
Federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 4,700,000	\$ 4,700,000	\$ 4,829,571	\$ 129,571
Other federal grants	2,910,962	2,910,962	2,735,413	(175,549)
Total federal government	<u>\$ 7,610,962</u>	<u>\$ 7,610,962</u>	<u>\$ 7,564,984</u>	<u>\$ (45,978)</u>
Total General Fund	<u><u>\$ 78,403,263</u></u>	<u><u>\$ 78,467,341</u></u>	<u><u>\$ 88,415,274</u></u>	<u><u>\$ 9,947,933</u></u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 227,571	\$ 227,571
Miscellaneous:				
Other projects	\$ -	\$ 5,800,000	\$ -	\$ (5,800,000)
Total miscellaneous	<u>\$ -</u>	<u>\$ 5,800,000</u>	<u>\$ -</u>	<u>\$ (5,800,000)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 5,800,000</u>	<u>\$ 227,571</u>	<u>\$ (5,572,429)</u>

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Fund: (Continued)				
Intergovernmental:				
Commonwealth:				
Categorical aid:				
State grant	\$ -	\$ 578,887	\$ 700,990	\$ 122,103
Total Commonwealth	\$ -	\$ 578,887	\$ 700,990	\$ 122,103
Total Capital Projects Fund	\$ -	\$ 6,378,887	\$ 928,561	\$ (5,450,326)
Special Revenue Funds:				
Federal and State Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 10	\$ 10
Miscellaneous:				
Miscellaneous	101,768	101,768	37,879	(63,889)
Total revenue from local sources	\$ 101,768	\$ 101,768	\$ 37,889	\$ (63,879)
Intergovernmental:				
Commonwealth:				
Other categorical aid:				
Street grants	\$ 6,746,448	\$ 6,746,448	\$ 7,189,543	\$ 443,095
Victim witness grants	73,529	73,529	84,380	10,851
PETRG	558,020	558,020	475,112	(82,908)
Fire program grant	-	191,372	134,237	(57,135)
IRF grant	-	-	600,000	600,000
VEDP Development grant	-	-	178,700	178,700
Other state revenue	-	44,724,300	121,360	(44,602,940)
Total Commonwealth	\$ 7,377,997	\$ 52,293,669	\$ 8,783,332	\$ (43,510,337)
Federal government:				
Categorical aid:				
ARPA grant	\$ -	\$ 16,323,357	\$ 5,433,860	\$ (10,889,497)
ARPA tourism grant	-	-	30,000	30,000
Other federal grants	250,588	1,226,637	373,598	(853,039)
Total Federal Government	\$ 250,588	\$ 17,549,994	\$ 5,837,458	\$ (11,712,536)
Total Federal and State Projects Fund	\$ 7,730,353	\$ 69,945,431	\$ 14,658,679	\$ (55,286,752)

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Community Development Act Fund:				
Intergovernmental:				
Federal government:				
Categorical aid:				
Community development block grant	\$ 583,253	\$ 583,253	\$ 797,787	\$ 214,534
Total Federal Government	\$ 583,253	\$ 583,253	\$ 797,787	\$ 214,534
Total Community Development Act Fund	<u>\$ 583,253</u>	<u>\$ 583,253</u>	<u>\$ 797,787</u>	<u>\$ 214,534</u>
Stormwater Fund:				
Revenue from local sources:				
Charges for services:				
Stormwater charges	\$ 1,243,066	\$ 1,243,066	\$ 1,388,774	\$ 145,708
Total Stormwater Fund	\$ 1,243,066	\$ 1,243,066	\$ 1,388,774	\$ 145,708
Blandford Cemetery Perpetual Care Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 4,143	\$ 4,143
Total revenue from use of money and property	\$ -	\$ -	\$ 4,143	\$ 4,143
Charges for services:				
Sale of lots	\$ -	\$ -	\$ 7,250	\$ 7,250
Total charges for services	\$ -	\$ -	\$ 7,250	\$ 7,250
Total Blandford Cemetery Perpetual Care Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,393</u>	<u>\$ 11,393</u>
Total Nonmajor Funds	<u>\$ 9,556,672</u>	<u>\$ 71,771,750</u>	<u>\$ 16,856,633</u>	<u>\$ (54,915,117)</u>
Total Primary Government	<u>\$ 87,959,935</u>	<u>\$ 156,617,978</u>	<u>\$ 106,200,468</u>	<u>\$ (50,417,510)</u>

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2023

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
City Council	\$ 287,919	\$ 287,919	\$ 297,902	\$ (9,983)
General and financial administration:				
City Manager	\$ 799,766	\$ 799,766	\$ 872,029	\$ (72,263)
Public Relations	6,000	5,000	3,808	1,192
Legal services	451,833	451,833	324,963	126,870
Personnel	1,985,808	1,986,808	664,017	1,322,791
Commissioner of the Revenue	428,539	428,539	410,253	18,286
Assessor	560,198	560,198	484,319	75,879
Treasurer	226,831	226,831	192,277	34,554
Finance Director	1,079,998	1,079,998	1,342,785	(262,787)
Information systems	1,105,899	1,105,899	1,079,229	26,670
Central garage - motor vehicle repair	-	-	(4,845)	4,845
Billing and collections	498,437	498,437	436,961	61,476
Insurance - financial	20,000	20,000	1,457,011	(1,437,011)
Total general and financial administration	\$ 7,163,309	\$ 7,163,309	\$ 7,262,807	\$ (99,498)
Board of Elections:				
Electoral board and officials	\$ -	\$ 765	\$ -	\$ 765
Registrar	498,925	498,160	540,041	(41,881)
Total board of elections	\$ 498,925	\$ 498,925	\$ 540,041	\$ (41,116)
Total general government administration	\$ 7,950,153	\$ 7,950,153	\$ 8,100,750	\$ (150,597)
Judicial administration:				
Courts:				
Circuit court	\$ 90,798	\$ 90,798	\$ 89,816	\$ 982
General district court	52,500	52,500	14,612	37,888
Magistrates	25,000	25,000	23,962	1,038
District J & D relations court	8,750	8,750	3,495	5,255
Clerk of the Circuit Court	764,449	764,449	771,259	(6,810)
Juvenile court services	205,884	203,884	191,426	12,458
Sheriff	1,641,493	1,641,493	1,939,318	(297,825)
Total courts	\$ 2,788,874	\$ 2,786,874	\$ 3,033,888	\$ (247,014)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,487,715	\$ 1,508,615	\$ 1,353,168	\$ 155,447
Total judicial administration	\$ 4,276,589	\$ 4,295,489	\$ 4,387,056	\$ (91,567)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 8,755,686	\$ 8,755,686	\$ 8,018,660	\$ 737,026
Emergency communications	1,844,787	1,846,787	1,771,834	74,953
Code compliance	907,960	907,960	793,034	114,926
ARPA loss revenue	-	-	2,724,351	(2,724,351)
Criminal justice academy	31,000	31,000	21,046	9,954
Total law enforcement and traffic control	\$ 11,539,433	\$ 11,541,433	\$ 13,328,925	\$ (1,787,492)
Fire and rescue services:				
Fire department	\$ 7,318,979	\$ 7,318,979	\$ 7,301,930	\$ 17,049
Total fire and rescue services	\$ 7,318,979	\$ 7,318,979	\$ 7,301,930	\$ 17,049
Correction and detention:				
Regional jail services	\$ 4,000,000	\$ 3,850,000	\$ 3,389,163	\$ 460,837
11th District Court services	99,954	99,954	93,088	6,866
Juvenile detention home	417,752	417,752	402,471	15,281
Total correction and detention	\$ 4,517,706	\$ 4,367,706	\$ 3,884,722	\$ 482,984

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2023 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 308,866	\$ 308,866	\$ 225,208	\$ 83,658
Total other protection	\$ 308,866	\$ 308,866	\$ 225,208	\$ 83,658
Total public safety	\$ 23,684,984	\$ 23,536,984	\$ 24,740,785	\$ (1,203,801)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering	\$ 451,059	\$ 451,059	\$ 212,304	\$ 238,755
Public works	-	-	73	(73)
Total highways, streets, bridges and sidewalks	\$ 451,059	\$ 451,059	\$ 212,377	\$ 238,682
Sanitation and waste removal:				
Refuse collection	\$ 1,650,000	\$ 1,650,000	\$ 1,416,631	\$ 233,369
Total sanitation and waste removal	\$ 1,650,000	\$ 1,650,000	\$ 1,416,631	\$ 233,369
Maintenance of general buildings and grounds:				
Building maintenance	\$ 3,656,435	\$ 3,656,435	\$ 4,040,889	\$ (384,454)
Cemeteries maintenance	43,326	43,326	42,265	1,061
Total maintenance of general buildings and grounds	\$ 3,699,761	\$ 3,699,761	\$ 4,083,154	\$ (383,393)
Total public works	\$ 5,800,820	\$ 5,800,820	\$ 5,712,162	\$ 88,658
Health and welfare:				
Health:				
Health department	\$ 127,131	\$ 127,131	\$ 138,484	\$ (11,353)
Central Virginia Health Services	610,000	610,000	578,909	31,091
Total health	\$ 737,131	\$ 737,131	\$ 717,393	\$ 19,738
Welfare:				
Social services	\$ 10,233,351	\$ 10,233,351	\$ 8,906,039	\$ 1,327,312
Comprehensive services	4,297,239	4,297,239	3,366,173	931,066
Mental health services	258,491	258,491	193,868	64,623
Legal aid	319,833	319,833	213,278	106,555
Crater District Area Agency on Aging	11,000	11,000	-	11,000
Total welfare	\$ 15,119,914	\$ 15,119,914	\$ 12,679,358	\$ 2,440,556
Total health and welfare	\$ 15,857,045	\$ 15,857,045	\$ 13,396,751	\$ 2,460,294
Education:				
Contributions to community colleges	\$ 6,213	\$ 6,213	\$ 4,713	\$ 1,500
Contributions to Component Unit - School Board	10,000,000	10,000,000	10,000,000	-
Total education	\$ 10,006,213	\$ 10,006,213	\$ 10,004,713	\$ 1,500
Parks, recreation and cultural:				
Parks and recreation:				
Parks and leisure services	\$ 677,089	\$ 677,089	\$ 683,034	\$ (5,945)
Cultural:				
Library	\$ 1,259,671	\$ 1,302,849	\$ 1,171,227	\$ 131,622
Museum and visitor services	731,740	731,740	348,947	382,793
Total cultural	\$ 1,991,411	\$ 2,034,589	\$ 1,520,174	\$ 514,415
Total parks, recreation and cultural	\$ 2,668,500	\$ 2,711,678	\$ 2,203,208	\$ 508,470

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2023 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning	\$ 676,081	\$ 676,081	\$ 369,941	\$ 306,140
Economic development	432,731	432,731	3,662,503	(3,229,772)
Cooperative extension program	2,500	2,500	39,423	(36,923)
Total planning and community development	<u>\$ 1,111,312</u>	<u>\$ 1,111,312</u>	<u>\$ 4,071,867</u>	<u>\$ (2,960,555)</u>
Total community development	<u>\$ 1,111,312</u>	<u>\$ 1,111,312</u>	<u>\$ 4,071,867</u>	<u>\$ (2,960,555)</u>
Nondepartmental:				
Other nondepartmental	\$ 1,229,152	\$ 1,229,152	\$ 846,552	\$ 382,600
Contingencies - other	150,000	300,000	(21,287)	321,287
Total nondepartmental	<u>\$ 1,379,152</u>	<u>\$ 1,529,152</u>	<u>\$ 825,265</u>	<u>\$ 703,887</u>
Debt service:				
Principal retirement	\$ 1,684,292	\$ 1,684,292	\$ 2,901,463	\$ (1,217,171)
Interest and fiscal charges	1,442,977	1,442,977	987,845	455,132
Total debt service	<u>\$ 3,127,269</u>	<u>\$ 3,127,269</u>	<u>\$ 3,889,308</u>	<u>\$ (762,039)</u>
Total General Fund	<u><u>\$ 75,862,037</u></u>	<u><u>\$ 75,926,115</u></u>	<u><u>\$ 77,331,865</u></u>	<u><u>\$ (1,405,750)</u></u>
Capital Projects Fund:				
Capital outlays / projects:				
Judicial Administration:				
Court Facilities	\$ -	\$ -	\$ 45,372	\$ (45,372)
Total judicial administration	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,372</u>	<u>\$ (45,372)</u>
Public works:				
Southside depot restoration	\$ -	\$ -	\$ 119,917	\$ (119,917)
Park and ride	-	-	251,456	(251,456)
City Hall improvements	-	470,000	112,177	357,823
Sycamore street bridge	-	81,494	1,940	79,554
Other projects	-	5,330,000	15,585	5,314,415
S. Crater rd signal coordination	-	497,393	12,502	484,891
Total public works	<u>\$ -</u>	<u>\$ 6,378,887</u>	<u>\$ 513,577</u>	<u>\$ 5,865,310</u>
Total Capital Projects Fund	<u><u>\$ -</u></u>	<u><u>\$ 6,378,887</u></u>	<u><u>\$ 558,949</u></u>	<u><u>\$ 5,819,938</u></u>
Special Revenue Funds:				
Federal and State Projects Fund:				
Judicial administration:				
Courts:				
Victim witness	\$ -	\$ 309,341	\$ 302,197	\$ 7,144
LVA Cares	-	-	150	(150)
Library of Virginia - ARPA	309,551	300,210	38,022	262,188
Law library	-	-	26,936	(26,936)
Total judicial administration	<u>\$ 309,551</u>	<u>\$ 609,551</u>	<u>\$ 367,305</u>	<u>\$ 242,246</u>

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2023 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Special Revenue Funds: (Continued)				
Federal and State Projects Fund: (Continued)				
Public Safety:				
Law Enforcement and Traffic Control:				
Community corrections	\$ 611,114	\$ 611,114	\$ 484,229	\$ 126,885
Coronavirus relief fund	-	-	38,233	(38,233)
JAG grant	-	197,039	260,650	(63,611)
DCJS promising youth opp grant	-	972,100	427,454	544,646
ARPA	-	16,023,356	4,966,766	11,056,590
Forfeited assets	-	-	1,000	(1,000)
Total public safety	<u>\$ 611,114</u>	<u>\$ 17,803,609</u>	<u>\$ 6,178,332</u>	<u>\$ 11,625,277</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets	\$ 6,746,448	\$ 6,746,448	\$ 5,392,496	\$ 1,353,952
EDA build back better	-	-	32,606	(32,606)
Other contractual services	-	13,482,018	511	13,481,507
DHCD Industrial Revitalization grant	-	1,678,907	696,462	982,445
Ramada Inn project	-	-	626,737	(626,737)
DEQ/VDH Wastewater Poor Creek	-	29,551,500	210,365	29,341,135
Total maintenance of general buildings and grounds	<u>\$ 6,746,448</u>	<u>\$ 51,458,873</u>	<u>\$ 6,959,177</u>	<u>\$ 44,499,696</u>
Sanitation and waste removal:				
Litter control	\$ -	\$ 10,158	\$ 10,161	\$ (3)
Total public works	<u>\$ 6,746,448</u>	<u>\$ 51,469,031</u>	<u>\$ 6,969,338</u>	<u>\$ 44,499,693</u>
Health and welfare:				
Youth Academy	\$ -	\$ -	\$ 3,420	\$ (3,420)
Total health and welfare	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,420</u>	<u>\$ (3,420)</u>
Community Development:				
Governor's opportunity fund	\$ 75,000	\$ 75,000	\$ 93,659	\$ (18,659)
VCA Creative Comm Partnership grant	36,412	36,412	9,000	27,412
Total community development	<u>\$ 111,412</u>	<u>\$ 111,412</u>	<u>\$ 102,659</u>	<u>\$ 8,753</u>
Total Federal and State Projects Fund	<u><u>\$ 7,778,525</u></u>	<u><u>\$ 69,993,603</u></u>	<u><u>\$ 13,621,054</u></u>	<u><u>\$ 56,372,549</u></u>
Community Development Act Fund:				
Community Development:				
Other community development expenditures	\$ 583,253	\$ 583,253	\$ 1,016,139	\$ (432,886)
Total community development	<u>\$ 583,253</u>	<u>\$ 583,253</u>	<u>\$ 1,016,139</u>	<u>\$ (432,886)</u>
Total Community Development Act Fund	<u><u>\$ 583,253</u></u>	<u><u>\$ 583,253</u></u>	<u><u>\$ 1,016,139</u></u>	<u><u>\$ (432,886)</u></u>
Stormwater Fund:				
Public works:				
Sanitation and waste removal:				
Stormwater management program	\$ 1,092,736	\$ 1,092,736	\$ 397,109	\$ 695,627
Debt service:				
Principal retirement	\$ 61,200	\$ 61,200	\$ 67,922	\$ (6,722)
Interest and fiscal charges	89,130	89,130	63,151	25,979
Total debt service	<u>\$ 150,330</u>	<u>\$ 150,330</u>	<u>\$ 131,073</u>	<u>\$ 19,257</u>
Total Stormwater Fund	<u><u>\$ 1,243,066</u></u>	<u><u>\$ 1,243,066</u></u>	<u><u>\$ 528,182</u></u>	<u><u>\$ 714,884</u></u>
Total Nonmajor Funds	<u><u>\$ 9,604,844</u></u>	<u><u>\$ 71,819,922</u></u>	<u><u>\$ 15,165,375</u></u>	<u><u>\$ 56,654,547</u></u>
Total Primary Government	<u><u>\$ 85,466,881</u></u>	<u><u>\$ 154,124,924</u></u>	<u><u>\$ 93,056,189</u></u>	<u><u>\$ 61,068,735</u></u>

Statistical Tables

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

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

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

	2014	2015	2016	2017	2018
Governmental activities:					
Net investment in capital assets	\$ 22,461,507	\$ 20,896,406	\$ 20,071,779	\$ 20,234,034	\$ 12,518,336
Restricted	3,149,244	3,011,799	4,275,250	5,064,216	4,590,712
Unrestricted	7,091,332	(18,593,137)	(20,842,395)	(9,320,682)	887,135
Total governmental activities	<u>\$ 32,702,083</u>	<u>\$ 5,315,068</u>	<u>\$ 3,504,634</u>	<u>\$ 15,977,568</u>	<u>\$ 17,996,183</u>
Business-type activities:					
Net investment in capital assets	\$ 41,072,153	\$ 39,271,737	\$ 38,557,116	\$ 37,552,117	\$ 36,152,082
Restricted	465,941	489,434	489,434	491,191	496,007
Unrestricted	(1,368,263)	(4,270,209)	(7,542,983)	(5,953,216)	(4,806,833)
Total business-type activities	<u>\$ 40,169,831</u>	<u>\$ 35,490,962</u>	<u>\$ 31,503,567</u>	<u>\$ 32,090,092</u>	<u>\$ 31,841,256</u>
Primary government					
Net investment in capital assets	\$ 63,533,660	\$ 60,168,143	\$ 58,628,895	\$ 57,786,151	\$ 48,670,418
Restricted	3,615,185	3,501,233	4,764,684	5,555,407	5,086,719
Unrestricted	5,723,069	(22,863,346)	(28,385,378)	(15,273,898)	(3,919,698)
Total primary government	<u>\$ 72,871,914</u>	<u>\$ 40,806,030</u>	<u>\$ 35,008,201</u>	<u>\$ 48,067,660</u>	<u>\$ 49,837,439</u>

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities:					
Net investment in capital assets	\$ 13,583,894	\$ 15,504,612	\$ 17,842,076	\$ 24,871,695	\$ 29,871,442
Restricted	2,811,860	6,693,963	7,322,643	7,319,665	13,758,341
Unrestricted	13,404,941	17,935,631	22,689,927	38,851,653	47,147,012
Total governmental activities	<u>\$ 29,800,695</u>	<u>\$ 40,134,206</u>	<u>\$ 47,854,646</u>	<u>\$ 71,043,013</u>	<u>\$ 90,776,795</u>
Business-type activities:					
Net investment in capital assets	\$ 36,135,036	\$ 35,173,717	\$ 34,870,142	\$ 35,062,221	\$ 35,239,783
Restricted	492,559	516,385	517,291	518,724	538,520
Unrestricted	(3,770,607)	(96,065)	958,940	2,627,401	6,231,219
Total business-type activities	<u>\$ 32,856,988</u>	<u>\$ 35,594,037</u>	<u>\$ 36,346,373</u>	<u>\$ 38,208,346</u>	<u>\$ 42,009,522</u>
Primary government					
Net investment in capital assets	\$ 49,718,930	\$ 50,678,329	\$ 52,712,218	\$ 59,933,916	\$ 65,111,225
Restricted	3,304,419	7,210,348	7,839,934	7,838,389	14,296,861
Unrestricted	9,634,334	17,839,566	23,648,867	41,479,054	53,378,231
Total primary government	<u>\$ 62,657,683</u>	<u>\$ 75,728,243</u>	<u>\$ 84,201,019</u>	<u>\$ 109,251,359</u>	<u>\$ 132,786,317</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
General government administration	\$ 6,124,429	\$ 7,085,421	\$ 7,000,032	\$ 6,987,157	\$ 7,927,159	\$ 6,885,622	\$ 8,106,044	\$ 8,196,453	\$ 7,884,004	\$ 7,881,719
Judicial administration	2,409,720	2,392,925	2,324,844	2,424,147	3,856,067	3,782,333	4,143,228	4,737,723	4,030,925	4,518,648
Public safety	27,624,108	26,840,786	23,666,410	18,589,827	22,841,419	20,266,142	23,801,885	29,986,158	22,998,640	26,666,629
Public works	12,902,451	12,992,788	11,605,106	7,303,967	8,384,942	8,127,569	10,341,805	11,519,457	12,038,198	12,227,067
Health and welfare	13,358,082	13,703,670	13,488,320	13,891,867	14,560,418	14,495,922	15,810,384	15,949,344	14,502,982	13,193,700
Education	10,289,525	12,048,813	11,673,961	8,775,894	9,624,056	9,503,706	9,305,976	7,610,850	8,996,124	10,854,167
Parks, recreation, and cultural	2,819,867	2,445,593	2,216,162	1,642,337	2,160,173	2,001,456	2,187,262	1,955,150	1,907,411	2,251,996
Community development	3,855,151	6,152,338	6,286,581	6,324,991	3,806,619	522,584	1,115,561	1,565,541	1,005,192	5,087,547
Interest and other fiscal charges	1,016,546	1,541,463	1,648,599	1,768,995	2,217,670	2,129,755	1,878,322	1,548,769	1,753,548	1,152,132
Total governmental activities expenses	\$ 80,399,879	\$ 85,203,797	\$ 79,910,015	\$ 67,709,182	\$ 75,378,523	\$ 67,715,089	\$ 76,690,467	\$ 83,069,445	\$ 75,117,024	\$ 83,833,605
Business-type activities:										
Public Utility	\$ 9,095,733	\$ 10,141,929	\$ 10,248,093	\$ 10,639,774	\$ 12,441,601	\$ 12,141,089	\$ 12,012,231	\$ 12,683,017	\$ 12,115,671	\$ 12,704,500
Mass transit	4,343,710	4,429,192	5,133,570	4,359,362	4,606,470	4,561,067	4,656,217	5,401,586	5,280,861	5,727,372
Golf Course	1,203,286	1,256,939	1,186,181	969,240	1,036,387	1,080,225	1,187,580	1,221,635	1,201,336	1,310,869
Total business-type activities expenses	\$ 14,642,729	\$ 15,828,060	\$ 16,567,844	\$ 15,968,376	\$ 18,084,458	\$ 17,782,381	\$ 17,856,028	\$ 19,306,238	\$ 18,597,868	\$ 19,742,741
Total primary government expenses	\$ 95,042,608	\$ 101,031,857	\$ 96,477,859	\$ 83,677,558	\$ 93,462,981	\$ 85,497,470	\$ 94,546,495	\$ 102,375,683	\$ 93,714,892	\$ 103,576,346
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	\$ 228,416	\$ 177,548	\$ 108,845	\$ 390,688	\$ 363,981	\$ 147,510	\$ 300,581	\$ 197,449	\$ 247,798	\$ 211,326
Judicial administration	680,649	562,613	458,825	929,815	1,082,849	1,098,413	830,012	647,827	441,679	758,924
Public safety	536,074	723,770	973,578	725,906	602,947	612,964	555,338	799,484	811,555	675,331
Public works	3,042,325	3,155,209	3,394,087	4,116,778	3,893,878	3,637,859	2,760,827	3,396,254	4,984,762	4,070,825
Health and welfare	6,665	-	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	80,473	144,757	91,383	86,805	49,001	66,522	47,445	5,484	21,996	52,946
Community development	209,969	473,614	18,999	12,123	-	86	500	15,375	-	-
Operating grants and contributions:										
General government administration	305,503	299,039	335,426	302,173	289,748	290,210	312,073	294,900	325,267	353,922
Judicial administration	1,051,708	1,183,964	1,271,503	1,047,600	1,174,451	1,180,738	1,198,203	1,188,745	1,255,229	1,377,660
Public safety	7,682,641	7,280,645	4,722,327	3,885,072	5,471,648	4,673,680	13,430,779	15,269,093	11,607,313	19,533,874
Public works	5,167,493	5,400,118	6,887,122	3,683,938	1,329,953	1,484,487	1,948,746	2,240,216	4,956,409	1,195,948
Health and welfare	9,667,570	9,704,194	10,212,459	10,617,628	10,264,868	11,075,090	10,588,298	10,080,860	10,889,108	10,283,412
Parks, recreation, and cultural	145,774	145,622	181,506	148,257	114,812	149,229	156,433	171,136	170,294	237,237
Community development	850,812	444,873	438,227	852,535	446,356	615,138	486,924	883,690	485,093	1,576,487
Capital grants and contributions:										
Public works	6,312,018	3,154	26,804	-	-	-	-	-	-	-
Community development	19,920	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	\$ 35,988,010	\$ 29,699,120	\$ 29,121,091	\$ 26,799,318	\$ 25,084,492	\$ 25,031,926	\$ 32,616,159	\$ 35,190,513	\$ 36,196,503	\$ 40,327,892

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022
Program revenues: (Continued)										
Business-type activities:										
Charges for services:										
Public Utility	\$ 9,107,233	\$ 8,758,140	\$ 7,180,519	\$ 12,334,213	\$ 13,055,145	\$ 14,620,549	\$ 14,424,910	\$ 14,495,995	\$ 13,287,803	\$ 15,444,438
Mass Transit	528,470	579,124	617,774	990,242	749,775	674,059	550,732	245,732	242,538	230,001
Golf course	701,000	694,111	693,901	703,735	660,498	657,094	774,390	887,952	1,033,380	1,143,355
Operating grants and contributions:										
Mass Transit	1,768,821	3,144,068	2,091,584	2,194,278	1,486,068	1,561,230	3,668,091	3,049,666	3,850,909	3,306,717
Capital grants and contributions										
Public Utility	-	-	-	-	-	-	-	-	-	-
Mass Transit	2,003,498	158,355	784,525	18,616	-	-	-	-	-	-
Total business-type activities program revenues	\$ 14,109,022	\$ 13,333,798	\$ 11,368,303	\$ 16,241,084	\$ 15,951,486	\$ 17,512,932	\$ 19,418,123	\$ 18,679,345	\$ 18,414,630	\$ 20,124,511
Total primary government program revenues	\$ 50,097,032	\$ 43,032,918	\$ 40,489,394	\$ 43,040,402	\$ 41,035,978	\$ 42,544,858	\$ 52,034,282	\$ 53,869,858	\$ 54,611,133	\$ 60,452,403
Net (expense) / revenue										
Governmental activities	\$ (44,411,869)	\$ (55,504,677)	\$ (50,788,924)	\$ (40,909,864)	\$ (50,294,031)	\$ (42,683,163)	\$ (44,074,308)	\$ (47,878,932)	\$ (38,920,521)	\$ (43,505,713)
Business-type activities	(533,707)	(2,494,262)	(5,199,541)	272,708	(2,132,972)	(269,449)	1,562,095	(626,893)	(183,238)	381,770
Total primary government net expense	\$ (44,945,576)	\$ (57,998,939)	\$ (55,988,465)	\$ (40,637,156)	\$ (52,427,003)	\$ (42,952,612)	\$ (42,512,213)	\$ (48,505,825)	\$ (39,103,759)	\$ (43,123,943)
General Revenues and Other Change in Net Position										
Governmental activities:										
General property taxes	\$ 34,394,416	\$ 33,418,636	\$ 31,963,589	\$ 34,862,878	\$ 36,240,761	\$ 35,340,387	\$ 34,934,870	\$ 36,683,485	\$ 42,444,952	\$ 42,931,545
Local sales and use taxes	3,530,101	3,715,835	3,528,238	3,663,381	3,870,538	4,068,868	4,235,470	4,361,778	4,921,767	5,357,732
Consumer utility taxes	1,638,787	1,715,224	1,918,122	1,758,638	1,635,049	2,013,020	1,975,148	1,978,526	2,269,800	2,784,571
Business license taxes	2,727,728	2,797,490	2,659,030	2,912,639	3,026,524	2,917,586	2,448,809	2,469,453	2,983,740	4,394,071
Motor Vehicle license taxes	487,391	420,192	389,349	372,125	534,372	330,908	634,750	812,060	834,382	721,329
Lodging taxes	268,575	256,522	320,486	436,032	541,498	578,420	550,594	629,072	753,088	781,889
Meals tax	2,423,433	2,571,793	2,948,184	2,843,808	3,421,414	3,494,500	2,987,766	3,364,238	3,526,757	3,618,060
Other local taxes	618,970	602,467	578,287	1,499,793	1,543,672	1,561,263	1,443,628	1,327,570	1,629,207	1,167,045
Unrestricted revenues from use of money and property	487,382	231,452	490,012	253,178	1,172,336	222,256	533,301	(267,183)	(79,833)	705,916
Miscellaneous	861,739	1,104,557	640,843	368,291	1,703,883	856,202	1,316,217	1,251,779	396,630	475,626
Grants and contributions not restricted to specific programs	4,936,135	4,828,315	4,749,525	5,129,284	4,579,424	4,568,152	4,513,924	4,356,459	4,388,589	4,355,322
Gain/(Loss) on sale of assets										
Transfers (net)	(878,560)	-	(1,207,175)	(717,248)	(1,408,020)	(1,273,098)	(1,380,228)	(1,367,865)	(1,960,191)	(3,266,024)
Total governmental activities	\$ 51,496,097	\$ 51,662,483	\$ 48,978,490	\$ 53,382,799	\$ 56,861,451	\$ 54,678,464	\$ 54,194,249	\$ 55,599,372	\$ 62,108,888	\$ 62,027,082
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 1,335	\$ 1,181	\$ 4,971	\$ 3,362	\$ 7,596	\$ 12,083	\$ 8,296	\$ 906	\$ 1,433	\$ 19,796
Miscellaneous	-	-	-	-	-	-	-	10,458	83,587	133,586
Transfers	878,560	-	1,207,175	717,248	1,408,020	1,273,098	1,380,228	1,367,865	1,960,191	3,266,024
Total business-type activities	\$ 879,895	\$ 1,181	\$ 1,212,146	\$ 720,610	\$ 1,415,616	\$ 1,285,181	\$ 1,388,524	\$ 1,379,229	\$ 2,045,211	\$ 3,419,406
Total primary government	\$ 52,375,992	\$ 51,663,664	\$ 50,190,636	\$ 54,103,409	\$ 58,277,067	\$ 55,963,645	\$ 55,582,773	\$ 56,978,601	\$ 64,154,099	\$ 65,446,488
Change in Net Position										
Governmental activities	\$ 7,084,228	\$ (3,842,194)	\$ (1,810,434)	\$ 12,472,935	\$ 6,567,420	\$ 11,995,301	\$ 10,119,941	\$ 7,720,440	\$ 23,188,367	\$ 18,521,369
Business-type activities	346,188	(2,493,081)	(3,987,395)	993,318	(717,356)	1,015,732	2,950,619	752,336	1,861,973	3,801,176
Total primary government	\$ 7,430,416	\$ (6,335,275)	\$ (5,797,829)	\$ 13,466,253	\$ 5,850,064	\$ 13,011,033	\$ 13,070,560	\$ 8,472,776	\$ 25,050,340	\$ 22,322,545

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

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
2014	\$ 34,394,416	\$ 3,530,101	\$ 1,638,787	\$ 2,727,728	\$ 487,391	\$ 268,575	\$ 2,423,433	\$ 618,970	\$ 46,089,401
2015	33,418,636	3,715,835	1,715,224	2,797,490	420,192	256,522	2,571,793	602,467	45,498,159
2016	31,963,589	3,528,238	1,918,122	2,659,030	389,349	320,486	2,948,184	578,287	44,305,285
2017	34,862,878	3,663,381	1,758,638	2,912,639	372,125	436,032	2,843,808	1,499,793	48,349,294
2018	36,240,761	3,870,538	1,635,049	3,026,524	534,372	541,498	3,421,414	1,543,672	50,813,828
2019	35,340,387	4,068,868	2,013,020	2,917,586	330,908	578,420	3,494,500	1,561,263	50,304,952
2020	34,934,870	4,235,470	1,975,148	2,448,809	634,750	550,594	2,987,766	1,443,628	49,211,035
2021	36,683,485	4,361,778	1,978,526	2,469,453	812,060	629,072	3,364,238	1,327,570	51,626,182
2022	42,444,952	4,921,767	2,269,800	2,983,740	834,382	753,088	3,526,757	1,629,207	59,363,693
2023	43,302,038	5,357,732	784,571	4,394,071	721,329	781,889	3,618,060	1,167,045	60,126,735

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund					
Nonspendable:					
Inventory and land held for resale	\$ 6,001,237	\$ 5,352,974	\$ 5,153,436	\$ 5,193,055	\$ 4,841,117
Interfund loans	250,071	250,071	250,071	252,904	-
Prepaid items	-	-	-	-	-
Restricted:					
Debt service	3,969,947	4,314,400	3,855,383	3,437,187	7,200,123
Unassigned	<u>174,507</u>	<u>(5,011,152)</u>	<u>(7,728,395)</u>	<u>(143,933)</u>	<u>2,803,522</u>
Total general fund	<u>\$ 10,395,762</u>	<u>\$ 4,906,293</u>	<u>\$ 1,530,495</u>	<u>\$ 8,739,213</u>	<u>\$ 14,844,762</u>
All other governmental funds					
Nonspendable:					
Interfund loans - capital projects	\$ -	\$ -	\$ -	\$ -	-
Cemetery Perpetual care and library	1,819,336	1,842,730	1,865,993	1,874,712	1,911,979
Prepaid items	7,019	-	-	-	-
McKenney scholarships	19,017	8,534	8,536	8,538	8,540
Restricted:					
Grants	1,310,891	1,160,535	2,400,721	3,180,966	2,670,193
Capital projects	2,695,274	9,546,748	9,039,068	6,309,968	7,387,187
Committed:					
Stormwater	-	-	-	751,013	1,767,815
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 5,851,537</u>	<u>\$ 12,558,547</u>	<u>\$ 13,314,318</u>	<u>\$ 12,125,197</u>	<u>\$ 13,745,714</u>
Total fund balances	<u>\$ 16,247,299</u>	<u>\$ 17,464,840</u>	<u>\$ 14,844,813</u>	<u>\$ 20,864,410</u>	<u>\$ 28,590,476</u>

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General fund					
Nonspendable:					
Inventory and land held for resale	\$ 4,718,160	\$ 4,711,711	\$ 4,218,602	\$ 4,046,092	\$ 3,963,243
Interfund loans	250,071	415,501	404,799	368,945	368,945
Prepaid items	567,067	105,880	587,031	1,019,826	682,573
Restricted:					
Debt service	5,454,572	5,243,476	1,260,498	992,504	-
Unassigned	8,060,337	12,936,270	25,232,435	39,016,279	42,500,798
Total general fund	<u>\$ 19,050,207</u>	<u>\$ 23,412,838</u>	<u>\$ 31,703,365</u>	<u>\$ 45,443,646</u>	<u>\$ 47,515,559</u>
All other governmental funds					
Nonspendable:					
Interfund loans - capital projects	\$ 4,499,198	\$ 4,251,288	\$ 4,487,003	\$ 4,637,613	\$ 4,637,613
Cemetery Perpetual care and library	1,963,749	2,012,053	2,011,122	1,942,887	1,954,280
Prepaid items	2,454	-	36,411	107,585	225,423
McKenney scholarships	8,543	8,546	8,547	8,547	8,547
Restricted:					
Grants	839,568	4,673,364	5,302,974	5,368,231	11,422,610
Capital projects	1,542,630	1,375,616	1,045,927	-	323,061
Committed:					
Stormwater	2,629,682	3,090,764	3,508,348	4,440,019	5,297,517
Unassigned	-	-	-	(1,192,173)	-
Total all other governmental funds	<u>\$ 11,485,824</u>	<u>\$ 15,411,631</u>	<u>\$ 16,400,332</u>	<u>\$ 15,312,709</u>	<u>\$ 23,869,051</u>
Total fund balances	<u>\$ 30,536,031</u>	<u>\$ 38,824,469</u>	<u>\$ 48,103,697</u>	<u>\$ 60,756,355</u>	<u>\$ 71,384,610</u>

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

	2014	2015	2016	2017	2018
Revenues:					
General property taxes	\$ 33,299,800	\$ 32,558,767	\$ 34,495,560	\$ 33,735,254	\$ 33,025,417
Other local taxes	11,694,985	12,079,523	12,341,696	13,486,416	14,573,067
Permits, privilege fees and regulatory licenses	570,939	686,551	496,899	545,099	272,177
Fines and forfeitures	714,870	765,358	407,471	765,982	774,641
Revenue from use of money and property	487,382	231,452	489,754	253,178	1,172,336
Charges for services	3,498,762	3,785,602	4,141,347	4,951,034	4,945,838
Miscellaneous	861,739	1,104,557	641,101	368,291	1,703,883
Recovered costs	1,189,699	312,402	416,380	906,066	353,329
Intergovernmental:					
Commonwealth	23,487,926	23,548,977	22,492,191	19,273,814	17,443,094
Federal	6,444,971	5,740,947	6,332,708	6,392,673	6,228,166
Total revenues	\$ 82,251,073	\$ 80,814,136	\$ 82,255,107	\$ 80,677,807	\$ 80,491,948
Expenditures:					
General government administration	\$ 7,163,426	\$ 7,524,695	\$ 7,442,109	\$ 6,993,994	\$ 8,262,762
Judicial administration	2,491,818	2,463,424	2,382,411	2,605,677	3,917,266
Public safety	27,484,115	27,606,870	23,060,160	19,146,589	26,317,824
Public works	11,417,788	10,981,210	12,285,985	6,368,696	8,414,780
Health and welfare	12,943,794	13,680,829	13,319,206	13,281,272	14,710,607
Education	10,858,309	12,162,407	12,071,503	8,969,881	8,992,665
Parks, recreation, and cultural	2,968,898	2,410,228	2,155,546	1,429,786	2,005,047
Community development	3,845,518	6,173,516	6,177,866	5,999,339	1,583,268
Nondepartmental	1,740,834	1,499,907	1,316,723	2,660,937	1,056,598
Debt service:					
Principal retirement	2,350,820	1,274,446	4,741,043	4,681,403	16,330,767
Interest and other fiscal charges	1,306,617	2,603,645	1,715,407	1,803,387	2,889,705
Total expenditures	\$ 84,571,937	\$ 88,381,177	\$ 86,667,959	\$ 73,940,961	\$ 94,481,289
Excess (deficiency) of revenues over expenditures	\$ (2,320,864)	\$ (7,567,041)	\$ (4,412,852)	\$ 6,736,846	\$ (13,989,341)
Other financing sources (uses):					
Transfers in	\$ 870,061	\$ 235,078	\$ 719,040	\$ -	\$ 238,330
Transfers (out)	(1,748,621)	(235,078)	(1,926,215)	(717,248)	(1,646,350)
Proceeds from capital leases	691,910	703,067	-	-	-
Issuance of debt	2,330,000	7,292,000	3,000,000	-	-
Premium(discount) on debt issued	234,035	789,515	-	-	(259,580)
Proceeds from refunding bonds	-	-	-	-	27,205,000
Payment to refunded bond escrow agent	-	-	-	-	(5,925,555)
Total other financing sources (uses)	\$ 2,377,385	\$ 8,784,582	\$ 1,792,825	\$ (717,248)	\$ 19,611,845
Net changes in fund balances	\$ 56,521	\$ 1,217,541	\$ (2,620,027)	\$ 6,019,598	\$ 5,622,504
Debt service as a percentage of noncapital expenditures	4.58%	4.49%	7.81%	9.01%	21.29%

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

	2019	2020	2021	2022	2023
Revenues:					
General property taxes	\$ 35,568,665	\$ 34,396,701	\$ 36,695,007	\$ 40,927,048	\$ 43,302,038
Other local taxes	14,964,565	14,276,165	14,942,697	16,918,741	16,824,697
Permits, privilege fees and regulatory licenses	364,217	346,167	619,222	707,371	559,790
Fines and forfeitures	826,862	643,894	525,460	281,119	564,504
Revenue from use of money and property	222,256	533,301	(267,183)	(79,833)	705,916
Charges for services	4,372,275	3,504,642	3,917,191	5,519,300	4,645,058
Miscellaneous	856,202	1,316,217	1,251,779	396,630	565,135
Recovered costs	327,426	282,429	170,388	106,048	119,468
Intergovernmental:					
Commonwealth	16,713,422	24,501,093	22,280,665	25,723,063	24,713,633
Federal	7,323,302	8,134,287	12,204,434	8,354,239	14,200,229
Total revenues	\$ 81,539,192	\$ 87,934,896	\$ 92,339,660	\$ 98,853,726	\$ 106,200,468
Expenditures:					
General government administration	\$ 7,598,603	\$ 8,780,693	\$ 7,507,691	\$ 7,686,876	\$ 8,100,750
Judicial administration	4,091,040	3,928,809	4,298,321	4,103,946	4,799,733
Public safety	23,390,248	23,240,927	26,129,925	22,803,888	30,919,117
Public works	8,345,458	10,230,844	12,459,452	17,479,105	13,592,186
Health and welfare	15,319,790	15,764,953	14,752,981	14,146,702	13,400,171
Education	9,190,686	9,142,690	7,458,660	8,125,318	10,004,713
Parks, recreation, and cultural	2,006,816	1,962,496	1,574,889	1,693,272	2,203,208
Community development	1,072,643	1,229,689	1,708,693	1,004,511	5,190,665
Nondepartmental	845,624	234,946	984,043	2,422,803	825,265
Debt service:					
Principal retirement	4,156,967	1,953,305	3,259,171	1,697,492	2,969,385
Interest and other fiscal charges	2,111,875	1,906,699	1,558,741	1,841,784	1,050,996
Total expenditures	\$ 78,129,750	\$ 78,376,051	\$ 81,692,567	\$ 83,005,697	\$ 93,056,189
Excess (deficiency) of revenues over expenditures	\$ 3,409,442	\$ 9,558,845	\$ 10,647,093	\$ 15,848,029	\$ 13,144,279
Other financing sources (uses):					
Transfers in	\$ 140,257	\$ 232,049	\$ 193,610	\$ 608,172	\$ 7,816,428
Transfers (out)	(1,413,355)	(1,612,277)	(1,561,475)	(2,568,363)	(11,082,452)
Proceeds from capital leases	-	-	-	-	-
Issuance of debt	-	-	-	25,968,653	-
Premium(discount) on debt issued	-	951,754	-	97,038	-
Proceeds from refunding bonds	-	5,274,750	-	-	-
Payment to refunded bond escrow agent	-	(6,116,683)	-	(27,300,871)	-
Total other financing sources (uses)	\$ (1,273,098)	\$ (1,270,407)	\$ (1,367,865)	\$ (3,195,371)	\$ (3,266,024)
Net changes in fund balances	\$ 2,136,344	\$ 8,288,438	\$ 9,279,228	\$ 12,652,658	\$ 9,878,255
Debt service as a percentage of noncapital expenditures	8.24%	5.13%	6.22%	4.74%	4.68%

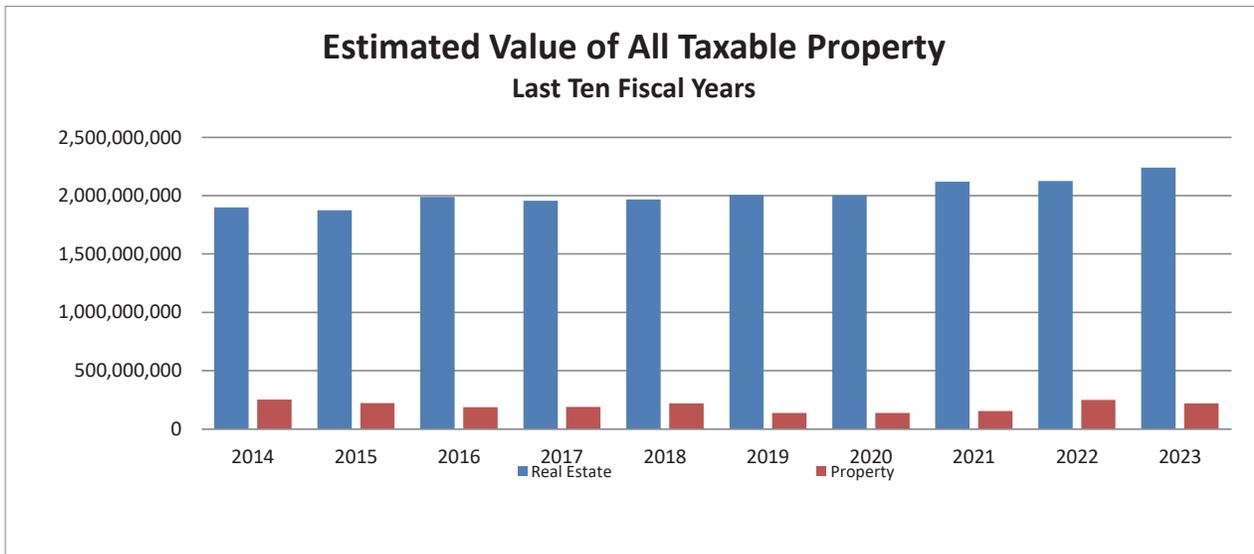
Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
2014	\$ 33,299,800	\$ 3,530,101	\$ 1,638,787	\$ 2,727,728	\$ 487,391	\$ 268,575	\$ 2,423,433	\$ 618,970	\$ 44,994,785
2015	32,558,767	3,715,835	1,715,224	2,797,490	420,192	256,522	2,571,793	602,467	44,638,290
2016	34,495,560	3,528,238	1,918,122	2,659,030	389,349	320,486	2,948,184	578,287	46,837,256
2017	33,735,254	3,663,381	1,758,638	2,912,639	372,125	436,032	2,843,808	1,499,793	47,221,670
2018	33,025,417	3,870,538	1,635,049	3,026,524	534,372	541,498	3,421,414	1,543,672	47,598,484
2019	35,568,665	4,068,868	2,013,020	2,917,586	330,908	578,420	3,494,500	1,561,263	50,533,230
2020	34,396,701	4,235,470	1,975,148	2,448,809	634,750	550,594	2,987,766	1,443,628	48,672,866
2021	36,695,007	4,361,778	1,978,526	2,469,453	812,060	629,072	3,364,238	1,327,570	51,637,704
2022	40,927,048	4,921,767	2,269,800	2,983,740	834,382	753,088	3,526,757	1,629,207	57,845,789
2023	43,302,038	5,357,732	784,571	4,394,071	721,329	781,889	3,618,060	1,167,045	60,126,735

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

Fiscal Years Ending June 30,	Real Estate	Personal Property	Total	Total Direct Tax Rate (2)
2014	\$ 1,897,715,161	\$ 251,007,184	\$ 2,148,722,345	\$ 1.54
2015	1,873,395,296	223,450,973	2,096,846,269	1.51
2016	1,987,471,782	187,871,989	2,175,343,771	1.46
2017	1,956,730,916	190,415,656	2,147,146,572	1.50
2018	1,965,756,426	220,607,725	2,186,364,151	1.53
2019	2,004,000,624	138,219,693	2,142,220,317	1.42
2020	2,001,875,812	138,564,439	2,140,440,251	1.43
2021	2,119,250,297	155,301,766	2,274,552,063	1.43
2022	2,125,214,919	248,234,871	2,373,449,790	1.43
2023	2,238,045,210	219,466,876	2,457,512,086	1.43

Source: Commissioner of the Revenue



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

Property Tax Rates
Last Ten Fiscal Years

Fiscal Years Ending June 30,	Real Estate	Business and Individuals	Machinery and Tools	Mobile Homes	Total Direct Tax Rate (1)
2014	\$ 1.35	\$ 4.40	\$ 3.80	\$ 1.35	1.54
2015	1.35	4.40	3.80	1.35	1.51
2016	1.35	4.40	3.80	1.35	1.46
2017	1.35	4.90	3.80	1.35	1.50
2018	1.35	4.90	3.80	1.35	1.53
2019	1.35	4.90	3.80	1.35	1.42
2020	1.35	4.90	3.80	1.35	1.43
2021	1.35	4.90	3.80	1.35	1.43
2022	1.35	4.90	3.80	1.35	1.43
2023	1.27	4.90	3.80	1.27	1.43

Source - Commissioner of the Revenue

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

Principal Business Taxpayers
Most Recent Year Available and Nine Years Ago

Taxpayer	2023			Rank	Percentage of Total Assessed Valuation
	Real Property Valuation	Personal Property Valuation	Total Valuation		
Bon Secours Mercy Health	\$ 100,070,100	\$ 11,459,369	\$ 111,529,469	1	5.07%
1200 Acqua LLC	43,533,900	-	43,533,900	2	1.98%
Addison @ Crater Woods LLC	22,230,000	-	22,230,000	3	1.01%
Old Towne Loft Apartments	22,140,100	-	22,140,100	4	1.01%
Tanglewood Apartment Equities LLC	19,584,000	-	19,584,000	5	0.89%
AMPAC Chemicals	18,767,000	2,263,785	21,030,785	6	0.96%
Brenco Incorporated	18,475,000	15,544,459	34,019,459	7	1.55%
109 Perry Street LLC	16,691,300	-	16,691,300	8	0.76%
Summit Woodrock Partners LLC	14,285,500	-	14,285,500	9	0.65%
Petersburg Lofts Richmond Dunlop St	12,269,700	-	12,269,700	10	0.56%
Total	<u>\$ 288,046,600</u>	<u>\$ 29,267,613</u>	<u>\$ 317,314,213</u>		<u>14.42%</u>

Source: Commissioner of the Revenue

Principal Business Taxpayers
Most Recent Year Available and Nine Years Ago

Taxpayer	2014			Rank	Percentage of Total Assessed Valuation
	Real Property Valuation	Personal Property Valuation	Total Valuation		
Bon Secours Mercy Health	\$ 98,710,100	\$ 10,171,396	\$ 108,881,496	1	4.89%
1200 Acqua LLC	-	-	-		
Addison @ Crater Woods LLC	26,628,600	-	26,628,600	5	1.20%
Old Towne Loft Apartments	-	-	-		
Tanglewood Apartment Equities LLC	-	-	-		
AMPAC Chemicals	-	-	-		
Brenco Incorporated	18,309,300	12,556,034	30,865,334	4	1.39%
109 Perry Street LLC	14,233,000	-	14,233,000	8	0.64%
Summit Woodrock Partners LLC	-	-	-		
Petersburg Lofts Richmond Dunlop St	-	-	-		
Total	\$ 315,762,000	\$ 45,454,860	\$ 361,216,860		8.12%

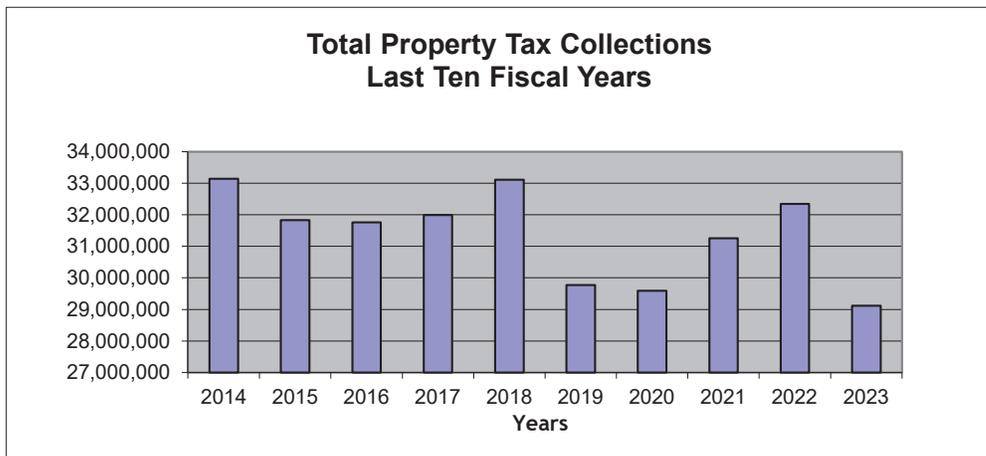
Source: Commissioner of the Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Tax Collections			Outstanding Delinquent	
				Delinquent Computed Amount	Total Amount	As Percent of Current Levy		
2014	\$ 33,169,073	\$ 30,643,027	92.38%	\$ 2,494,227	\$ 33,137,254	99.90%	\$ 31,819	0.10%
2015	31,769,767	30,122,272	94.81%	1,706,670	31,828,942	100.19%	-59,175	-0.19%
2016	31,753,778	30,451,031	95.90%	1,313,250	31,764,281	100.03%	-10,503	-0.03%
2017	32,108,130	29,588,251	92.15%	2,402,534	31,990,785	99.63%	117,345	0.37%
2018	33,529,282	25,222,970	75.23%	7,892,105	33,115,075	98.76%	414,207	1.24%
2019	30,428,938	23,330,091	76.67%	6,446,729	29,776,820	97.86%	652,118	2.14%
2020	30,511,970	21,430,120	70.24%	8,161,561	29,591,681	96.98%	920,289	3.02%
2021	32,789,507	22,778,383	69.47%	8,475,357	31,253,740	95.32%	1,535,767	4.68%
2022	36,012,053	28,421,149	78.92%	3,922,807	32,343,956	89.81%	3,668,097	10.19%
2023	38,957,602	29,118,418	74.74%	-	29,118,418	74.74%	9,839,184	25.26%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.



Ratios of Outstanding Obligations by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					
	General Obligation Bonds (3)	Stormwater Revenue Bonds	State Literary Loans	Lease Liabilities	Notes Payable	School Qualified Zone Academy Bonds
2014	\$ 29,432,511	\$ -	\$ 3,025,000	\$ 1,883,854	\$ 1,346,407	\$ 6,795,695
2015	33,873,564	-	2,600,000	2,707,695	694,935	8,795,695
2016	32,676,492	2,575,863	2,175,000	1,958,003	-	7,395,695
2017	30,712,204	1,946,532	1,750,000	1,280,219	-	6,410,695
2018	41,027,152	2,230,000	200,000	626,789	-	6,210,695
2019	39,532,494	2,175,000	150,000	247,460	-	3,868,528
2020	37,046,188	2,120,000	100,000	-	-	3,668,528
2021	35,633,688	2,060,000	50,000	-	-	1,931,857
2022	34,541,705	2,471,174	-	652,204	-	1,731,857
2023	32,957,099	2,403,252	-	448,985	-	415,000

(1) Table 15

(2) United States Department of Commerce, Economic and Statistics Administration, Bureau of Economic Analysis
(Dinwiddie + Colonial Heights + Petersburg)

(3) General Bond Debt

N/A - Data not available

Ratios of Outstanding Obligations by Type
Last Ten Fiscal Years

Fiscal Year	<u>Business-Type Activities</u>			Population (1)	Percentage of Personal Income (2)	Net Obligations per Capita
	General Obligation Bonds (3)	Notes Payable	Total Primary Government			
2014	\$ 5,333,060	\$ 4,321,572	\$ 52,140,113	33,112	N/A	1,575
2015	12,650,371	5,276,761	66,601,036	32,421	N/A	2,054
2016	12,426,745	5,058,898	64,268,712	32,421	N/A	1,982
2017	12,036,009	4,772,740	58,910,416	32,420	N/A	1,817
2018	11,745,632	4,476,931	66,519,217	31,430	N/A	2,116
2019	11,444,359	4,246,701	61,666,561	31,673	N/A	1,947
2020	10,904,196	3,993,107	57,834,039	33,458	N/A	1,729
2021	10,584,674	3,630,327	53,892,567	33,458	N/A	1,611
2022	10,412,891	3,255,018	53,066,871	33,466	N/A	1,586
2023	10,050,438	2,866,748	49,143,545	33,820	N/A	1,453

(1) Table 15

(2) United States Department of Commerce, Economic and Statistics Administration, Bureau of Economic Analysis
(Dinwiddie + Colonial Heights + Petersburg)

(3) General Bond Debt

N/A - Data not available

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

<u>Fiscal Year Ended June 30,</u>	<u>Population (1)</u>	<u>Assessed Value (in thousands) (2)</u>	<u>General Bonded Debt</u>	<u>Net Bonded Debt</u>	<u>Percentage of Net General Obligation Debt to Assessed Value</u>	<u>Net General Bonded Debt per Capita</u>
2014	33,112	2,148,722,345	34,765,571	34,765,571	1.62%	1,050
2015	32,421	2,096,846,269	46,523,935	46,523,935	2.22%	1,435
2016	32,421	2,175,343,771	45,103,237	45,103,237	2.07%	1,391
2017	32,420	2,147,146,572	42,748,213	42,748,213	1.99%	1,319
2018	31,430	2,186,364,151	52,772,784	52,772,784	2.41%	1,679
2019	31,673	2,142,220,317	50,976,853	50,976,853	2.38%	1,609
2020	33,458	2,140,440,251	47,950,384	47,950,384	2.24%	1,433
2021	33,458	2,274,552,063	46,218,362	46,218,362	2.03%	1,381
2022	33,458	2,274,552,063	46,218,362	46,218,362	2.03%	1,381
2023	33,820	2,457,512,086	43,007,537	43,007,537	1.75%	1,272

(1) United States Census

(2) From Table 7

Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin
 Fiscal Year Ended June 30, 2023

	<u>Total Direct Debt (1)</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
City of Petersburg	\$ 35,775,351	100%	\$ 35,775,351
Total assessed value of real estate			\$ <u>2,238,045,210</u>
10% legal debt limit			\$ <u><u>223,804,521</u></u>

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

General Obligation Bonds	\$ 32,957,099
Stormwater Revenue Bonds	2,403,252
School Qualified Zone Academy Bonds	<u>415,000</u>
Total	<u>\$ 35,775,351</u>

The City of Petersburg has no overlapping debt.

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

Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenues and Other Charges	Less: Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
Public Utility Fund:							
2014	\$ 9,108,568	\$ 7,497,926	\$ 1,610,642	\$ 119,539	\$ 35,715	\$ 155,254	10.37
2015	8,759,321	8,216,426	542,895	122,433	31,147	153,580	3.53
2016	7,180,524	9,854,218	(2,673,694)	126,810	324,367	451,177	-5.93
2017	12,334,213	10,147,800	2,186,413	570,136	491,974	1,062,110	2.06
2018	13,055,145	11,881,873	1,173,272	1,185,690	414,704	1,600,394	0.73
2019	14,620,549	11,691,077	2,929,472	425,230	450,012	875,242	3.35
2020	14,424,910	11,519,883	2,905,027	458,594	492,348	950,942	3.05
2021	14,497,874	12,232,818	2,265,056	577,780	450,199	1,027,979	2.20
2022	13,290,955	11,724,514	1,566,441	605,309	391,154	996,463	1.57
2023	15,445,262	12,326,088	3,119,174	628,987	378,412	1,007,399	3.10
Golf Course Fund:							
2014	\$ 701,000	\$ 930,327	\$(229,327)	\$ 68,250	\$ 201,053	\$ 269,303	-0.85
2015	694,111	978,731	(284,620)	88,257	201,813	290,070	-0.98
2016	693,901	999,056	(305,155)	96,816	204,472	301,288	-1.01
2017	703,735	771,228	(67,493)	106,758	198,012	304,770	-0.22
2018	660,498	835,713	(175,215)	106,758	240,496	347,254	-0.50
2019	657,094	896,847	(239,753)	106,273	183,378	289,651	-0.83
2020	774,390	1,047,088	(272,698)	112,423	140,492	252,915	-1.08
2021	887,952	1,083,768	(195,816)	104,522	137,867	242,389	-0.81
2022	1,033,380	1,081,792	(48,412)	110,101	119,544	229,645	-0.21
2023	1,143,355	1,188,362	(45,007)	176,940	122,507	299,447	-0.15

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

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

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

Demographic Statistics

Fiscal Year	Registered Voters	School Enrollment	Unemployment Rate	Population (1)
2014	21,477	4,557	10.20%	33,112
2015	21,185	4,318	9.30%	32,421
2016	22,693	4,231	7.60%	32,421
2017	21,758	3,863	6.70%	32,420
2018	22,609	4,213	6.10%	31,746
2019	21,477	4,213	5.80%	31,430
2020	21,925	4,209	17.90%	31,673
2021	21,957	4,045	11.20%	33,458
2022	23,541	4,179	6.60%	33,466
2023	23,974	4,249	5.30%	33,820

Census Statistics

	Population			Per Capita Income	Median Household Income
	Age Distribution		Total		
	Under 18	18 & over			
1970	12,548	23,555	36,103	\$ 2,544	7,815
1980	11,432	26,623	38,055	7,490	13,940
1990	8,938	29,447	38,385	10,547	21,309
2000	8,469	25,271	33,740	15,989	28,851
2010	6,711	25,709	32,420	19,142	36,449
2020	7,026	26,432	33,458	24,789	43,029

(1) Virginia Department of Elections

(2) Virginia Department of Education 2020-2021 Fall Membership

(3) US Census Bureau, Weldon Cooper Center for Public Service Population Census April 1, 2020

2021 Unemployment Rate: Virginia Employment Commission Local Area Unemployment Statistics June 2021

Major Private Employers
Fiscal Year Ended June 30, 2023

Company	Description of Business	Approximate Employment	
		Current	Percentage of Total City Employment
Bon Secours Southside Medical Center	Medical services	1000+	8.36%
Connectrn	Nursing Health Care	1000+	8.36%
Horizon Mental Health Management, Inc.	Health Care and Social Assistance	250-499	2.09%
The Mentor Network	Adult Supportive Services	250-499	2.09%
Amsted Rail Company, Inc.	Fabricated metal production	250-499	2.09%
Wal-Mart	Retail sales	250-499	2.09%
Communicare Health Service	Health Care and Social Assistance	100-249	0.84%
Quality Plus Service	Engineering/Construction	100-249	0.84%
District 19 Mental Health and Retardation Services	Social assistance/Medical services	100-249	0.84%
Virginia Linen Service Inc.	Equipment and Uniform Rental	100-249	0.84%

Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 2nd Quarter (April, May, June) 2021.

People who live and work in the area	1,923
In-commuters	9,699
Out-commuters	12,001
Net In-commuters (In commuters minus Out-commuters)	(2,302)

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, 2023

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

<u>Function</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City:										
Salaried	770	608	351	497	649	631	639	619	538	570
Part-time temporary	300	229	154	119	93	99	81	75	105	89
Public safety										
Police protection	166	152	92	104	125	108	108	100	90	97
Fire protection	98	98	65	75	80	78	78	70	60	60
Jail facilities	95	95	0	0	0	0	0	0	0	0
School Board										
Administrative personnel	37	37	37	43	48	49	43	32	32	n/a
Instructional personnel	617	617	592	564	460	531	396	340	356	n/a
All other personnel	183	183	164	144	154	135	173	206	190	n/a
Totals *	<u>1,907</u>	<u>1,674</u>	<u>1,298</u>	<u>1,367</u>	<u>1,404</u>	<u>1,445</u>	<u>1,332</u>	<u>1,272</u>	<u>1,221</u>	<u>659</u>

Source: FY 2020-2021 Adopted Operating Budget and Virginia Department of Education 2020-2021 Superintendent's Annual Report Tables 18 & 19

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

Operating Indicators by Function
Last Ten Fiscal Years

	2014	2015	2016	2017	2018
Police protection:					
Law violations	6,165	6,022	6,027	6,215	7,431
Traffic violations	6,429	6,005	5,762	5,904	13,116
Arrests reported:					
Adults	2,626	2,252	2,088	1,911	3,176
Juveniles	77	45	23	75	79
Calls for service	44,550	49,485	47,561	47,961	53,406
Jail facility inmates:					
Jail	178	n/a	n/a	n/a	n/a
Jail annex	30	n/a	n/a	n/a	n/a
Riverside Regional	100	n/a	n/a	n/a	n/a
Community Development:					
Building permits:					
Number issued	865	771	208	716	557
Valuation	16,068,316	31,578,787	13,906,675	28,853,709	16,093,502
Public Utilities:					
Number of active consumers	12,297	12,297	11,896	11,986	11,503
Water purchased (annually)-gallons	1.6 billion	1.6 billion	1.8 billion	1.72 billion	1.80 billion

n/a = not available at publication

Source: Individual City departments

Operating Indicators by Function

Last Ten Fiscal Years

	2019	2020	2021	2022	2023
Police protection:					
Law violations	7,966	6,561	6,969	5,185	n/a
Traffic violations	9,375	7,354	2,877	3,833	n/a
Arrests reported:					
Adults	3,471	2,496	1,648	2,930	n/a
Juveniles	66	30	17	56	n/a
Calls for service	48,289	45,533	32,060	52,030	n/a
Jail facility inmates:					
Jail	n/a	n/a	n/a	n/a	n/a
Jail annex	n/a	n/a	n/a	n/a	n/a
Riverside Regional	n/a	n/a	n/a	n/a	n/a
Community Development:					
Building permits:					
Number issued	471	589	854	1,129	1,092
Valuation	18,974,495	2,116,554	38,640,171	168,687,543	59,837,651
Public Utilities:					
Number of active consumers	11,560	n/a	n/a	11,760	11,285
Water purchased (annually)-gallons	1.74 billion	n/a	n/a	n/a	1.64 billion

n/a = not available at publication

Source: Individual City departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fire protection:										
Number of stations	3	3	4	4	4	4	4	4	4	4
Public works:										
Streets and sidewalks:										
Streets - primary - miles	107	107	107	104	104	104	104	104	104	104
Streets - secondary - miles	281	281	281	291	291	291	291	291	291	291
Sidewalks - miles	72	72	72	72	72	72	72	72	72	72
Street lights	3,335	3,335	3,335	3,540	3,560	3,560	3,560	3,560	3,560	3,560
Traffic signals:										
Signalized intersections	62	62	47	47	47	47	47	47	47	47
Lights	1,450	1,450	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330
Heads	464	464	455	455	455	455	455	455	455	455
Curbs	39	39	39	39	39	39	39	39	39	39
School signals (flashing lights)	18	18	18	20	19	19	19	19	19	19
Other signals (flashing lights)	7	7	7	7	7	7	7	7	7	7
Caution flashing lights	14	14	14	0	0	0	0	0	0	0
Pedestrian signals	112	112	112	112	112	112	112	112	112	112
Sewers:										
Storm - miles	19	19	19	19	19	140	140	140	140	140
Sanitary - miles	211	211	211	211	211	211	200	200	200	200
Wasterwater Pump Stations						18	18	18	18	18
Public Utilities:										
Water mains - miles	275	275	275	260	260	225	225	225	225	225
Number of hydrants	1,378	1,378	1,375	1,378	1,378	1,500	1,500	1,500	1,500	1,500
Water pump stations						2	2	2	2	2
Ground level water storage tanks:										
5.6 million gallons	1	1	1	1	1	1	1	1	1	1
1.3 million gallons	1	1	1	1	1	1	1	1	1	1
Elevated water storage tanks:										
.5 million gallons	1	1	1	1	1	1	1	1	1	1
1.0 million gallons	2	2	2	2	2	2	2	2	2	2
1.9 million gallons	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Parks and recreation:										
Fishing and picnic area (350 acres)	1	1	2	2	2	2	2	2	2	2
Downtown (12.3 acres)	1	1	1	1	1	1	1	1	1	1
Playground (52.8 acres)	12	12	12	12	12	12	12	12	12	12
Golf course	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts (lighted)	14	14	9	9	9	9	9	9	9	9
Recreation centers	3	3	1	1	1	1	1	1	1	1
Ballfields	4	4	4	4	4	4	4	4	4	4
Sports complex	1	1	1	1	1	1	1	1	1	1
Education:										
Schools:										
Senior high school grades 9-12	1	1	1	1	1	1	1	1	1	1
Junior high school grade 8	1	1	1	1	1	1	1	1	1	1
Middle school grades 6-7	1	1	1	1	1	1	1	1	1	1
Elementary schools K-5	4	4	4	4	4	4	4	4	4	4
Early childhood center	1	1	1	1	1	1	1	1	1	1

Source: Individual City departments



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Petersburg, Virginia's basic financial statements and have issued our report thereon dated June 20, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items (2023-001, 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, 2023-007, 2023-008, 2023-009, 2023-010) that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Petersburg, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-011.

City of Petersburg, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on City of Petersburg, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Petersburg, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Robinson, Farnum, Cox Associates

Charlottesville, Virginia
June 20, 2024



**Independent Auditors' Report on Compliance For Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Petersburg, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Petersburg, Virginia's major federal programs for the year ended June 30, 2023. City of Petersburg, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Petersburg, Virginia's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Petersburg, Virginia's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Petersburg, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Petersburg, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Petersburg, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Petersburg, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Petersburg, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Petersburg, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Petersburg, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
June 20, 2024

Schedule of Expenditures of Federal Awards - Primary Government and Discretely Presented Component Unit
Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
PRIMARY GOVERNMENT:				
<u>DEPARTMENT OF AGRICULTURE:</u>				
<u>Pass through payments:</u>				
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110	\$ -	\$ 1,171,806
<u>DEPARTMENT OF TRANSPORTATION:</u>				
<u>Direct payments:</u>				
Federal Transit Cluster:				
COVID-19-Federal Transit - Formula Grants	20.507	N/A	\$ -	\$ 1,167,993
Federal Transit - Formula Grants	20.507	N/A	\$ -	49,991
Total Federal Transit Cluster				<u>\$ 1,217,984</u>
<u>Pass through payments:</u>				
Division of Motor Vehicles:				
State and Community Highway Safety	20.600	Unknown	\$ -	\$ 60,529
Total Department of Transportation			\$ -	<u>\$ 1,278,513</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
<u>Direct payments:</u>				
Community Development Block Grants / States Program and Non-entitlements Grants in Hawaii	14.228	53505-49380	\$ -	<u>\$ 797,787</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
<u>Pass through payments:</u>				
Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950110	\$ -	15,502
COVID-19-MaryLee Allen Promoting Safe and Stable Families Program	93.556		-	10,946
Title IV-E Prevention Program	93.472	1140122	-	10,239
Guardianship Assistance	93.090	1110121	-	321
Temporary Assistance for Needy Families	93.558	0400111	-	731,739
Refugee and Entrant Assistan State/Replacement				
Designee Administered Programs	93.566	0500111	-	3,179
Low-Income Home Energy Assistance	93.568	0600411	-	134,179
Child Care and Development Fund Cluster:				
Child Care and Development Block Grant	93.575	0770110	- \$	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	-	157,712
Community-Based Child Abuse Prevention Grants	93.590	9560121	-	0
Adoption and Legal Guardianship Incentive Payments	93.603	1130116	-	2,029
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110	-	1,056
Foster Care-Title IV-E	93.658	1100111	-	392,600
Adoption Assistance	93.659	1120111	-	912,717
Social Services Block Grant	93.667	1000111	-	642,477
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150110	- \$	6,985
COVID -19John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150110	-	6,561
Elder Abuse Prevention Interventions Program	93.747	8000221	-	2,285
Children's Health Insurance Program	93.767	0540111	-	5,559
Medicaid Cluster:				
Medical Assistance Program	93.778	1200111	-	621,680
Total Department of Health and Human Services			\$ -	<u>\$ 3,657,766</u>
<u>DEPARTMENT OF JUSTICE:</u>				
<u>Pass through payments:</u>				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	39001-46000	\$ -	\$ 198,463
Juvenile Justice and Delinquency Prevention	16.540	Unknown	-	9,844
Justice Assistance Act Grant Program	16.738	Unknown	-	72,079
Public Safety Partnership and Community Policing Grants	16.710	Unknown	-	4,676
Total Department of Justice			\$ -	<u>\$ 285,062</u>

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Agency Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
PRIMARY GOVERNMENT: (Continued)				
DEPARTMENT OF THE INTERIOR:				
<u>Pass through payments:</u>				
Virginia Department of Historical Resources:				
Cultural Resources Management	15.946	Unknown	\$ -	\$ -
DEPARTMENT OF TREASURY:				
<u>Pass through payments:</u>				
The Library of Virginia:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	\$ -	\$ 300,000
Virginia Department of Criminal Justice Services:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	-	7,750
Virginia Department of Housing and Community Development:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	-	63,750
Virginia Department of Accounts:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT0022	\$ -	7,834,461
Total Department of Treasury			\$ -	\$ 8,205,961
THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES:				
<u>Pass through payments:</u>				
Library of Virginia:				
COVID-19-Grants to States	45.310	Unknown	\$ -	\$ 18,278
Total Institute of Museum and Library Services			\$ -	\$ 18,278
DEPARTMENT OF HOMELAND SECURITY:				
<u>Direct payments:</u>				
Emergency Management Performance Grants	97.042	Unknown	\$ -	\$ 3,040
Total Department of Homeland Security			\$ -	\$ 3,040
Total Primary Government			<u>\$ -</u>	<u>\$ 15,418,213</u>
COMPONENT UNIT-SCHOOL BOARD:				
DEPARTMENT OF AGRICULTURE:				
<u>Pass through payments:</u>				
Child Nutrition Cluster:				
Department of Agriculture and Consumer Services:				
Food Distribution	10.555	Unknown	\$ -	\$ 201,581
Department of Education:				
COVID-19 -National School Lunch Program	10.555	17901-40623	\$ -	-
National School Lunch Program	10.555	17901-40623	-	1,897,284
School Breakfast Program	10.553	17901-40591	-	949,471
Fresh Fruit and Vegetable Program	10.582	17901-40599	-	180,920
Summer Food Service Program for Children	10.559	Unknown	-	42,511
Total Child Nutrition Cluster			\$ -	\$ 3,271,767
Child and Adult Care Food Program	10.558	17901-40599	-	19,910
Child Nutrition Discretionary Grants Limited Availability	10.579	202020N81034 1	-	7,730
COVID-19-Pandemic EBT Administrative Costs	10.649	202222S900941	-	3,135
Total Department of Agriculture			\$ -	\$ 3,302,542
DEPARTMENT OF DEFENSE:				
<u>Direct payments:</u>				
ROTC Instruction	12.000	N/A	\$ -	\$ 67,598

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Agency Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
COMPONENT UNIT-SCHOOL BOARD: (Continued)				
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Pass through payments:</u>				
City of Richmond, Virginia:				
Head Start Cluster:				
Head Start	93.600	Unknown	\$ -	\$ 1,323,626
Total Department of Health and Human Services				\$ 1,323,626
DEPARTMENT OF EDUCATION:				
<u>Pass through payments:</u>				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ -	\$ 4,024,708
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	17901-43071	\$ -	\$ 1,301,719
Special Education Preschool Grants	84.173	17901-62521	-	36,786
Total Special Education Cluster			\$ -	\$ 1,338,505
Career and Technical Education - Basic Grants to States	84.048	17901-61095	-	185,648
Education for Homeless Children and Youth	84.196	Unknown	-	137,692
School Safely National Activities	84.184	Unknown	-	216,207
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Unknown	-	54,397
School Improvement Grants	84.377	17901-43040	-	216,699
English Language Acquisition State Grants	84.365	17901-60512	-	21,242
Supporting Effective Instruction State Grants	84.367	17901-61480	-	299,586
Student Support and Academic Enrichment Program	84.424	17901-61480	-	270,666
COVID-19 - Education Stabilization Fund:				
Governor's Emergency Relief Fund	84.425U	S425U210008	- \$	4,346,960
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210008	-	7,582,769
Total Department of Education			\$ -	\$ 18,695,079
DEPARTMENT OF TREASURY:				
<u>Pass through payments:</u>				
Virginia Department of Education:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	\$ -	\$ 1,972,978
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Pass through payments:</u>				
Virginia Department of Education:				
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	unknown	\$ -	\$ 46,234
Total Component Unit School Board			\$ -	\$ 25,408,057
Total Expenditures of Federal Awards			\$ -	\$ 40,826,270

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

CITY OF PETERSBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award of the City of Petersburg, Virginia under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the reporting requirements of OMB Uniform Guidance. Because the Schedule presents only a selected portion of operations to the City of Petersburg, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Petersburg, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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

Note 3 - Food Donation

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

Note 4 - De Minimis Cost Rate

The City did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 5 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 7,564,984
Nonmajor governmental funds	6,635,245
Mass Transit Fund	1,217,984

Component Unit:

School Board	<u>25,408,057</u>
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Total federal expenditures per basic financial statements	<u>\$ 40,826,270</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 40,826,270</u></u>
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CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516 (a)?	No

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.425	COVID-19 Education Stabilization Fund
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,224,788
Auditee qualified as low-risk auditee?	No

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2023-001 Material Weakness - Utility Billing Reconciliation

Criteria: The Utility Billing Subsidiary System should be reconciled to the general ledger on a monthly basis.

Condition: The City was not reconciling the Utility Billing Subsidiary System to the General Ledger on a monthly basis.

Cause: The City did not have anyone in the Utility Department to was reconcile the Utility Billing Subsidiary System to the general ledger on a monthly basis.

Effect: There could be unexplained, undocumented material differences between the utility billing Subsidiary System and the General Ledger.

Recommendation:

We recommend the City implement procedures to ensure the Utility Billing Subsidiary System reconciles to the General Ledger and any differences noted during the reconciliation are documented and corrected.

Management Response:

The City's Financial Team Concurs with the auditor's findings and recommendations.

The Finance Department has established a Reconciliation Team consisting of the Finance Accounting Division, the Treasury Department, a subject matter expert consultant, and the CFO. The Billing and Collections Division has strengthened its CSR supervision. The Public Works Utility Department has hired a Utility Account Manager.

A procedure is being perfected to ensure the utility billings are reconciled monthly. The process is expected to be finalized by November 30, 2024.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2023-002 Material Weakness - Insufficient Listing for Water and Sewer Customer Deposits

Criteria: A detailed listing by customer should be retained to support water and sewer customer deposits recorded in the general ledger.

Condition: It was noted during the audit that there was \$656,254 included in the water and sewer customer deposit listings that did not have any detail regarding which customers the deposits were for.

Cause: The City did not retain a detailed listing to support a material amount of the water and sewer customer deposits recorded in the general ledger.

Effect: The City had material water and sewer customer deposits recorded in the general ledger that were not supported by the appropriated detailed customer deposit listing.

Recommendation:

We recommend the City retain sufficient listings by customer to support all water and sewer customer deposits.

Management Response:

The City's Financial Team Concurs with the auditor's findings and recommendations.

The Finance Department has established an internal team consisting of representatives from the Billing and Collections Division, the Accounting Division, with oversight from the CFO.

The goal is to integrate a process of listing every customer deposit going forward and going backwards in identifying and documenting every customer deposit in the five years collection window.

The process is expected to be completed by July 31, 2024.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2023-003 Material Weakness - Reconciliation of Property Tax Delinquent Lists to General Ledger

Criteria: Property tax delinquent lists should be reconciled to the general ledger on a monthly basis.

Condition: During fiscal year 2022 the City was not reconciling the property tax delinquent lists to the taxes receivable accounts as reported in the general ledger on a monthly basis or at year-end.

Cause: The Treasurer's Office was not reconciling the delinquent lists to the receivable accounts in Fund 999.

Effect: As a result, material adjustments to the City's general ledger were necessary.

Recommendation:

We recommend the City reconcile property tax delinquent lists to the general ledger on a monthly basis and any differences be investigated and corrected.

Management Response:

The City's Financial Team Concurs with the auditor's findings and recommendations.

The Finance Department has established a Reconciliation Team consisting of the Finance Accounting Division, the Treasury Department, a subject matter expert consultant, and the CFO. The Billing and Collections Division has strengthened its CSR supervision.

The reconciliation team is developing a tracking system to monitor the Treasurer's Office listings of delinquent tax payments to the taxes receivable accounts.

We expect to be up to date by December 31, 2024.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2023-004 Material Weakness - Insufficient Accounting and Financial Reporting Throughout the Fiscal Year

Criteria: Accounting and Financial Reporting procedures should be in place throughout the year.

Condition: During our audit we have observed the City's contracted audit preparation consultant was required to record a large number of adjustments at year-end. Moreover, it was necessary for the consultant to perform numerous reconciliations to prepare the City's accounting records for the audit and external reporting purposes. Many of the adjustments and reconciliations performed by the consultant should be conducted throughout the year as part of routine accounting and financial reporting procedures.

Cause: The City finance department did not have adequate staff to ensure routine accounting and financial reporting procedures were done.

Effect: The audit preparation consultants did not commence their duties for FY 22 until November 2022. Therefore, the City's general ledger was not accurate or reliable for the entire fiscal year ended June 30, 2022.

Recommendation:

We recommend the City evaluate the Finance Department and develop procedures to aid in accounting and financial reporting for capital assets, long-term obligations, general property tax receivables, water and sewer receivables, other miscellaneous receivables, state and federal revenues and similar accounts that have required adjustments by the contracted consultant. We also recommend development of a monthly procedural checklist which would require a specified individual to perform reviews of budget-to-actual results for revenues and expenditures actual as well as monitoring the balance sheet accounts. By implementing procedures in the Finance Department by qualified Finance personnel the City would benefit from reliable financial data through-out the fiscal year in addition to reducing the number of adjustments required at year-end.

Management Response:

The city's Financial Team Concurs with the auditor's Findings and Recommendations.

The Financial Team conducted a review of the Accounting Consultants reconciliation and pre-audit work. The reconciliations were twelve months behind and there was minimal communication between the Consultants and the Finance Department causing numerous year-end adjustments and inaccurate fund balance projections.

The city of Petersburg and the Accounting Consulting Firm mutually agreed to terminate the contract in February 2024.

In October of 2024 the Finance Budget Division and CFO with support from the IT Division developed a work around un reconciled monthly cash and general ledger not being closed. The Team has been able to issue monthly year-to-date (YTD) revenue and expenditure reports. Reports have been consistently issued since October 2023 within one week after end of month.

The accounting and financial reporting is being addressed by being incorporated into the Reconciliation Team accounting procedures. The issue is expected to be normalized by November 30, 2024.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2023-005 Material Weakness- Material Audit Adjustments Proposed by the External Auditor

Criteria: A material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.

Condition: The financial statements required material adjustments by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles (GAAP). Material audit adjustments were proposed a multiple of accounts and financial statement groups including receivables, capital assets, debt and revenue and expenditure accounts to be in accordance with Generally Accepted Accounting Principles.

Cause: The City failed to identify all year end accounting adjustments necessary for the financial statements to be prepared in accordance with current reporting standards.

Effect: There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Recommendation:

We recommend the City implement procedures to ensure the financial statements are materially correct in accordance with General Accepted Accounting Principles.

Management Response:

The City's Financial Team Concurs with the auditor's Findings and Recommendations.

The City's newly formed Reconciliation Team has established a monitoring system to document which general ledger accounts have been reconciled.

Most financial groups will have to be reviewed including receivables, capital assets, debt and all revenue and expenditure accounts.

The Reconciliation Team will be communicating with the External Auditors on a biweekly basis, thus greatly reducing the number and severity of year-end adjustments.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2023-006 Material Weakness - Material Reclassifications Proposed to Federal Revenues

Criteria: Federal Revenues should be appropriately recorded in the financial statements.

Condition: The Auditor proposed material adjustments to the City's recording of revenues received from federal sources - direct and pass-through federal revenues. The City had misclassified a multitude of federal revenues with state and/or local revenues within the accounting system.

Cause: The City does not have adequate staff or resources to monitor the City's posting of federal grant revenues or prevent the City's Schedule of Expenditures of Federal Awards, which is presented in the City's CAFR, from being materially misstated.

Effect: There is a reasonable possibility that the City's Schedule of Expenditures of Federal Awards could be materially misstated.

Recommendation:

We recommend the City implement procedures to ensure the City's federal revenues are appropriately accounted for and reported. This includes maintaining a list of all federal grants received, the assistance listing number for each federal grant, the amount expended for each federal grant, the amount received for each federal grant, and a review process ensuring that all federal revenues are accurately recorded in the general ledger.

Management Response:

The City's Financial Team Concurs with the auditor's Findings and Recommendations.

The City's Reconciliation Team will be focusing on the classification of grants revenues. In addition, the Finance Department has hired a Grants Manager to coordinate and monitor all financial grants activities. The correct classification of all grants is expected to be in place by December 31, 2024.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2023-007 Material Weakness - Lack of timely bank reconciliations performed during the year

Criteria: Bank reconciliations should be completed for all bank and investment accounts on a monthly basis. The reconciliations should be completed in a timely manner after month end.

Condition: During FY 22 the City did not complete bank reconciliations for all bank and investment accounts in a timely manner. For example, bank reconciliations for the month of June 22 were not completed until December 2022.

Cause: The Treasurer's Office had staff turnover during FY 18 and did not prepare bank reconciliations on a monthly basis, which lead to the significant delay in reconciling the monthly bank statements.

Effect: There is a reasonable possibility of a material misstatement of financial statements and misappropriation of assets.

Recommendation:

We recommend the City put procedures in place to ensure that monthly bank reconciliations are prepared in a timely manner.

Management Response:

The City's Financial Team Concurs with the auditor's Findings and Recommendations.

The Finance Department has established a Reconciliation Team consisting of the Finance Accounting Division, the Treasury Department, a subject matter expert consultant, and the CFO.

The Financial Team conducted a review of the Accounting Consultants reconciliation and pre-audit work. The reconciliations were twelve months behind and there was minimal communication between the Consultants and the Finance Department causing numerous year-end adjustments and inaccurate fund balance projections.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2023-008 Material Weakness - Lack of reconciliation of cash reported in funds to cash in Fund 999

Criteria: Cash reported in the individual funds of the city should be reconciled to cash reported in the Treasurers Accountability Fund (Fund 999). The reconciliations should be completed in a timely manner after month end.

Condition: During FY 22 the City did not reconcile the cash reported in each fund to total cash reported in Fund 999.

Cause: The amount of cash reported in the City's individual funds did not agree with total cash reported in Fund 999.

Effect: There is a reasonable possibility of a material misstatement of financial statements and misappropriation of assets.

Recommendation:

We recommend the City reconcile cash reported in the funds to cash reported in Fund 999. We also recommend the City insure that whenever entries are made to fund cash, fund 999 is also adjusted by the same amount, and vice versa.

Management Response:

The City's Financial Team Concur with the auditor's Findings and Recommendations.

The Finance Department has established a Reconciliation Team consisting of the Finance Accounting Division, the Treasury Department, a subject matter expert consultant, and the CFO.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2023-009 Material Weakness - Posting of Payroll Entries that do not balance within each fund

Criteria: All Payroll Entries made should have corresponding debits and credits that balance within each fund.

Condition: During FY 22 payroll entries were made that did not balance within each fund.

Cause: The system generated entry when payroll is processed is set up in a manner that does not balance within each fund.

Effect: The City's Funds and financial statements were out of balance and required adjustments to correct.

Recommendation:

We recommend the City ensure that all payroll entries balance within each fund.

Management Response:

The City's Financial Team Concur with the auditor's Findings and Recommendations.

The Finance Department has established a Reconciliation Team consisting of the Finance Accounting Division, the Treasury Department, a subject matter expert consultant, and the CFO. The Reconciliation Team will meet with the Payroll Supervisor and HR representative to develop a process to ensure that the funds are in balance.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2022-010 Material Weakness - Lack of Monthly Financial Closing Procedures

Criteria: Adequate monthly financial closing procedures should be in place and performed prior to performing the month end close.

Condition: During FY 22 the City did not have adequate monthly financial closing procedures in place when performing the month end close. The City was closing each month in the accounting system before ensuring that all reconciliations had been performed, that all funds were in balance, and that all entries were appropriately made and included in the financial statements.

Cause: The City did not have adequate monthly financial closing procedures in place when performing the month end close.

Effect: The City's monthly Financial Statements were not in balance and were not accurate.

Recommendation:

We recommend the City develop a checklist of monthly procedures and reconciliations that are to be performed prior to closing each month in the accounting system. By implementing procedures in the Finance Department by qualified Finance personnel the City would benefit from reliable financial data through-out the fiscal year in addition to reducing the number of adjustments required at year-end.

Management Response:

The City's Financial Team Concurs with the auditor's Findings and Recommendations.

The Finance Department has established a Reconciliation Team consisting of the Finance Accounting Division, the Treasury Department, a subject matter expert consultant, and the CFO. The City's newly formed Reconciliation Team has established a monitoring system to document which general ledger accounts have been reconciled.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2023-011 Compliance Finding - Unclaimed Property

Criteria: Once checks become outstanding longer than a year, they are considered unclaimed property and should be turned over to the State on the next annual submission in accordance with the Unclaimed Property Act.

Condition: The Public Assistance bank account had \$86,924.68 in outstanding checks from FY 2018 and 2019 and \$22,074.63 from FY 2020.

Cause: The City did not include these old outstanding checks in their unclaimed property submission.

Effect: The City is not in compliance with the Unclaimed Property Act.

Recommendation:

We recommend the City include all old outstanding checks in their Unclaimed Property Submission.

Management Response:

The City's Financial Team Concurs with the auditor's Findings and Recommendations.

The Finance Department is working with the Treasury Office to develop procedures to accurately and timely submit Unclaimed property in accordance with the "Unclaimed Property Act"

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023 (Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

FINANCIAL STATEMENT FINDINGS

2022-001 Material Weakness - Utility Billing Reconciliation

Condition: The City was not reconciling the Utility Billing Subsidiary System to the General Ledger on a monthly basis.

Recommendation:

We recommend the City implement procedures to ensure the Utility Billing Subsidiary System reconciles to the General Ledger and any differences noted during the reconciliation are documented and corrected.

Current status:

Finding was repeated in current year as finding 2022-001

2022-002 Material Weakness - Insufficient Listing for Water and Sewer Customer Deposits

Condition: It was noted during the audit that there was \$656,254 included in the water and sewer customer deposit listings that did not have any detail regarding which customers the deposit were for.

Recommendation:

We recommend the City retain sufficient listings by customer to support all water and sewer customer deposits.

Current status:

Finding was repeated in current year as finding 2022-002

2022-003 Material Weakness - Reconciliation of Property Tax Delinquent Lists to General Ledger

Condition: During fiscal year 2020 the City was not reconciling the property tax delinquent lists to the taxes receivable accounts as reported in the general ledger on a monthly basis or at year-end.

Recommendation:

We recommend the City reconcile property tax delinquent lists to the general ledger on a monthly basis and any differences be investigated and corrected.

Current status:

Finding was repeated in current year as finding 2022-003

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2022-004 Material Weakness - Insufficient Accounting and Financial Reporting Throughout the Fiscal Year

Condition: During our audit we have observed the City's contracted audit preparation consultant was required to record a large number of adjustments at year-end. Moreover, it was necessary for the consultant to perform numerous reconciliations to prepare the City's accounting records for the audit and external reporting purposes. Many of the adjustments and reconciliations performed by the consultant should be conducted throughout the year as part of routine accounting and financial reporting procedures.

Recommendation:

We recommend the City evaluate the Finance Department and develop procedures to aid in accounting and financial reporting for capital assets, long-term obligations, general property tax receivables, water and sewer receivables, other miscellaneous receivables, state and federal revenues and similar accounts that have required adjustments by the contracted consultant. We also recommend development of a monthly procedural checklist which would require a specified individual to perform reviews of budget-to-actual results for revenues and expenditures actual as well as monitoring the balance sheet accounts. By implementing procedures in the Finance Department by qualified Finance personnel the City would benefit from reliable financial data through-out the fiscal year in addition to reducing the number of adjustments required at year-end.

Current status:

Finding was repeated in current year as finding 2022-004

2022-005 Material Weakness- Material Audit Adjustments Proposed by the External Auditor

Condition: The financial statements required material adjustments by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles (GAAP). Material audit adjustments were proposed to a multitude of accounts and financial statement groups including receivables, capital assets, payroll liabilities, deferred revenue, debt and revenue and expenditure accounts to be in accordance with Generally Accepted Accounting Principles.

Recommendation:

We recommend the City implement procedures to ensure the financial statements are materially correct in accordance with General Accepted Accounting Principles.

Current status:

Finding was repeated in current year as finding 2022-005

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2022-006 Material Weakness - Material Reclassifications Proposed to Federal Revenues

Condition: The Auditor proposed material adjustments to the City's recording of revenues received from federal sources - direct and pass-through federal revenues. The City had misclassified a multitude of federal revenues with state and/or local revenues within the accounting system.

Recommendation:

We recommend the City implement procedures to ensure the City's federal revenues are appropriately accounted for and reported. This includes maintaining a list of all federal grants received, the CFDA number for each federal grant, the amount expended for each federal grant, the amount received for each federal grant, and a review process ensuring that all federal revenues are accurately recorded in the general ledger.

Current status:

See finding 2023-006

2022-007 Material Weakness - Lack of timely bank reconciliations performed during the year

Condition: During FY21 the City did not complete bank reconciliations for all bank and investment accounts in a timely manner. For example, bank reconciliations for the month of June 21 were not completed until May 2022.

Recommendation:

We recommend the City ensure that bank reconciliations are performed in a timely manner each month to ensure the accuracy and completeness of the general ledger.

Current status:

Finding was repeated in current year as finding 2023-07

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2022-008 Material Weakness - Lack of reconciliation of cash reported in funds to cash in Fund 999

Condition: During FY21 the City did not reconcile the cash reported in each fund to total cash reported in Fund 999.

Recommendation:

We recommend the City reconcile cash reported in the funds to cash reported in Fund 999. We also recommend the City ensure that whenever entries are made to fund cash, fund 999 is also adjusted by the same amount, and vice versa.

Current status:

Finding was repeated in current year as finding 2023-08

2022-009 Material Weakness - Posting of Payroll Entries that do not balance within each fund

Condition: During FY21 payroll entries were made that did not balance within each fund.

Recommendation:

We recommend the City ensure that all payroll entries balance within each fund.

Current status:

Finding was repeated in current year as finding 2023-09

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2022-010 Material Weakness - Lack of Monthly Financial Closing Procedures

Condition: During FY21 the City did not have adequate monthly financial closing procedures in place when performing the month end close. The City was closing each month in the accounting system before ensuring that all reconciliations had been performed, that all funds were in balance, and that all entries were appropriately made and included in the financial statements.

Recommendation:

We recommend the City develop a checklist of monthly procedures and reconciliations that are to be performed prior to closing each month in the accounting system. By implementing procedures in the Finance Department by qualified Finance personal the City would benefit from the reliable financial data through-out the fiscal year in addition to reducing the number of adjustments required at year-end.

Current status:

Finding was repeated in current year as finding 2023-010

2022-011 Compliance Finding - Prompt Payment of Bills by Localities

Condition: As a result of the City's financial condition, there were many instances in which the City was not remitting payment to vendors for goods and services in a timely manner.

Recommendation:

We recommend the City pay its vendors in a timely manner.

Current status:

Finding was not present in current year.

2022-012 Compliance Finding - Unclaimed Property

Condition: The Public Assistance bank account has \$86,924.68 in outstanding checks from FY 2018 and 2019 and \$22,074.63 from FY 2020.

Recommendation:

We recommend the City include all old outstanding checks in their Unclaimed Property Submission.

Current status:

Finding was repeated in current year as finding 2023-011