

CITY OF PETERSBURG



Comprehensive Annual Financial Report FY 2019/2020

City of Petersburg, Virginia

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

Prepared By:

Department of Finance

CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020

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CITY OF PETERSBURG, VIRGINIA
CITY COUNCIL AND EXECUTIVE OFFICERS
JUNE 30, 2020

CITY COUNCIL

Samuel Parham Mayor
John A. Hart, Sr. Vice-Mayor
Annette Smith-Lee Councilwoman
Charles Cuthbert Councilman
Treska Wilson-Smith Councilwoman
W. Howard Myers Councilman
Darrin Hill Councilman

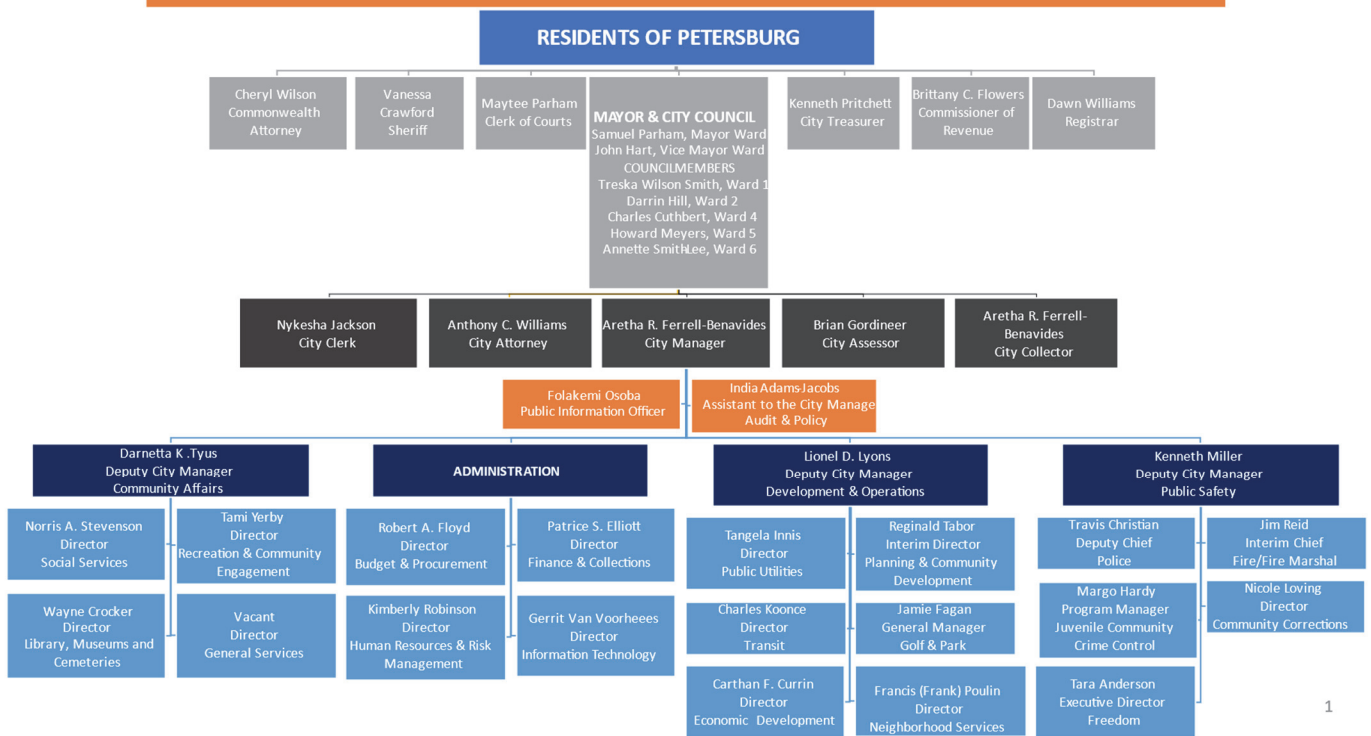
CONSTITUTIONAL OFFICERS

Brittany Flowers Commissioner of Revenue
Cheryl J. Wilson Commonwealth's Attorney
Kenneth Pritchett City Treasurer
Shalva J. Braxton Clerk of the Circuit Court
Vanessa R. Crawford City Sheriff

CITY ADMINISTRATION

Aretha R. Ferrell-Benavides City Manager
Darnetta K. Tyus Deputy City Manager of Community Affairs
Lionel D. Lyons Deputy City Manager of Development
Kenneth Miller Deputy City Manager of Public Safety
India Adams-Jacobs Asst to the City Manager
Nykesha D. Jackson Council Clerk
Anthony Williams City Attorney
Brian Gordineer City Assessor
Tami Yerby Director of Recreation & Community
Michelle Peters Director of Planning & Development Services
Wayne Crocker Director of Library Services
Carthan Currin Director of Economic Development
Norris Stevenson Director of Social Services
Patrice Elliott Director of Finance
Robert Floyd Director of Budget & Procurement
Tangela Innis Director of Public Works & Utilities
Jim Reid Interim Fire Chief
Kim Robinson Director of Human Resources
Gerrit VanVoorhees Director of Information Technology
Nicole Loving Director of Community Corrections
Tara Anderson Executive Director of Freedom Support Center
Margo Hardy Program Manager, PJCCP
Monte Evans Billing & Collections Manager
Charles Koonce Mass Transit Director
Jamie Fagan General Manager/PGA Golf Pro
Folakemi Osoba Public Affairs Coordinator

City of Petersburg - Organizational Chart





**I AM
PETERSBURG
VIRGINIA**

CITY OF PETERSBURG

FINANCE DEPARTMENT

FISCAL MGMT BLDG, 144 N. SYCAMORE STREET
PETERSBURG, VIRGINIA 23803
(804) 733-2337 FAX (804) 256-0028

February 16, 2021

The Honorable Members of City Council City of Petersburg, Virginia

To the Honorable Members of City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of Petersburg, Virginia (the City) for the year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

Budgetary Controls: The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Fund. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established by function for the General Fund and the fund level for other individual funds. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

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 firms in the food processing, pharmaceutical, and metal industries. The City's economic prospects are enhanced by its two interstate highways, I-95 and I-85, that intersect in the City, as well as 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 has an average daily population of 28,580 and employs approximately 7,829 civilians. Fort Lee has an economic impact on the region in excess of \$2.4 billion.

The region's primary medical services facility, Bon Secours Southside Regional Medical Center (SRMC), is located in the City. The facility, which includes a nursing school and a specialty healthcare center, is the largest private employer in the City with over 1,450 employees. SRMC, along with 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 to an investment policy that seeks to safeguard principal, meet liquidity objectives, and seek fair value rates of return within the parameters of the *Code of Virginia*. Funds held for capital projects are invested in accordance with these objectives in addition to ensuring compliance with U.S. Treasury arbitrage regulations.

Management's Discussion and Analysis: GAAP require 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 report of the independent auditors.

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

Acknowledgements: This report could not have been accomplished without a great deal of cooperation and assistance by the staff in a number of City departments. Also, we would like to thank the Mayor and members of the City Council for the continued interest and support.

Respectfully Submitted,



Aretha Ferrell-Benavides, City Manager



Patrice S. Elliott, Finance Director

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia, as of June 30, 2020, 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.

Restatement of Beginning Balances

As described in Note 16 to the financial statements, in 2020, the City restated beginning balances to reflect the Golf Funds portion of the 2017 refunding bonds. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-11, 99, and 100-111 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Petersburg, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 Matters: (Continued)

Supplementary and Other Information: (Continued)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2021, on our consideration of the City of Petersburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the 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 the City of Petersburg, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

February 11, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

As management of the City of Petersburg, Virginia (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets 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 \$75,728,243(net position).
- The City's net position increased in governmental funds and business-type activities. Governmental funds net position increased \$10,119,941 and business-type activities increased \$2,950,619.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$38,824,469 an increase of \$8,288,438 in comparison with the prior year. Unassigned fund balance for the General Fund increased from \$8,060,337 to \$12,936,270.

Overview of the Financial Statements

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

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

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

The City maintains eight individual governmental funds. The General Fund and the Capital Projects Fund are both considered to be major funds and accordingly financial information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds. The 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 and are reported in the fund financial statements in one column and in the combining and individual fund statements and schedules as individual columns.

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

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

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

Overview of the Financial Statements: (Continued)

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$75,728,243 at the close of the fiscal year.

**City of Petersburg's, Net Position
Schedule of Assets, Liabilities and Net Position
Governmental and Business-type Activities
For the Years Ended June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 60,855,297	\$ 51,850,513	\$ 9,894,193	\$ 12,565,123	\$ 70,749,490	\$ 64,415,636
Capital assets	55,137,274	55,705,056	46,184,627	47,476,234	101,321,901	103,181,290
Total assets	\$ 115,992,571	\$ 107,555,569	\$ 56,078,820	\$ 60,041,357	\$ 172,071,391	\$ 167,596,926
Deferred outflows of resources	\$ 8,521,288	\$ 4,652,619	\$ 820,410	\$ 535,568	\$ 9,341,698	\$ 5,188,187
Total assets and deferred outflows of resources	\$ 124,513,859	\$ 112,208,188	\$ 56,899,230	\$ 60,576,925	\$ 181,413,089	\$ 172,785,113
Long-term liabilities outstanding	\$ 65,245,399	\$ 62,314,456	\$ 17,569,568	\$ 17,397,363	\$ 82,814,967	\$ 79,711,819
Current liabilities	16,078,910	14,706,419	3,462,052	9,745,266	19,540,962	24,451,685
Total liabilities	\$ 81,324,309	\$ 77,020,875	\$ 21,031,620	\$ 27,142,629	\$ 102,355,929	\$ 104,163,504
Deferred inflows of resources	\$ 3,055,344	\$ 5,386,618	\$ 273,573	\$ 577,308	\$ 3,328,917	\$ 5,963,926
Net position:						
Net investment in capital assets	\$ 15,504,612	\$ 13,583,894	\$ 35,173,717	\$ 36,135,036	\$ 50,678,329	\$ 49,718,930
Restricted	6,693,963	2,811,860	516,385	492,559	7,210,348	3,304,419
Unrestricted (deficit)	17,935,631	13,404,941	(96,065)	(3,770,607)	17,839,566	9,634,334
Total net position	\$ 40,134,206	\$ 29,800,695	\$ 35,594,037	\$ 32,856,988	\$ 75,728,243	\$ 62,657,683
Total liabilities, deferred inflows and net position	\$ 124,513,859	\$ 112,208,188	\$ 56,899,230	\$ 60,576,925	\$ 181,413,089	\$ 172,785,113

Government-wide Financial Analysis: (Continued)

At the end of the current fiscal year, the City is able to report a positive unrestricted balance of \$17,935,631 in the Governmental-activity category of net position. The Business-type activities reported negative unrestricted position of (\$96,065) at year end; however, the City plans to remediate its negative unrestricted net position over time through increases in user fees and transfers from the general government.

Governmental Activities - Governmental activities increased the City's net position by \$10,119,941 and business-type activities increased net position by \$2,950,619. Key elements of these increases and decreases are as follows:

**City of Petersburg, Virginia's Changes in Net Position
Governmental and Business-type Activities
For the Years Ended June 30, 2020 and 2019**

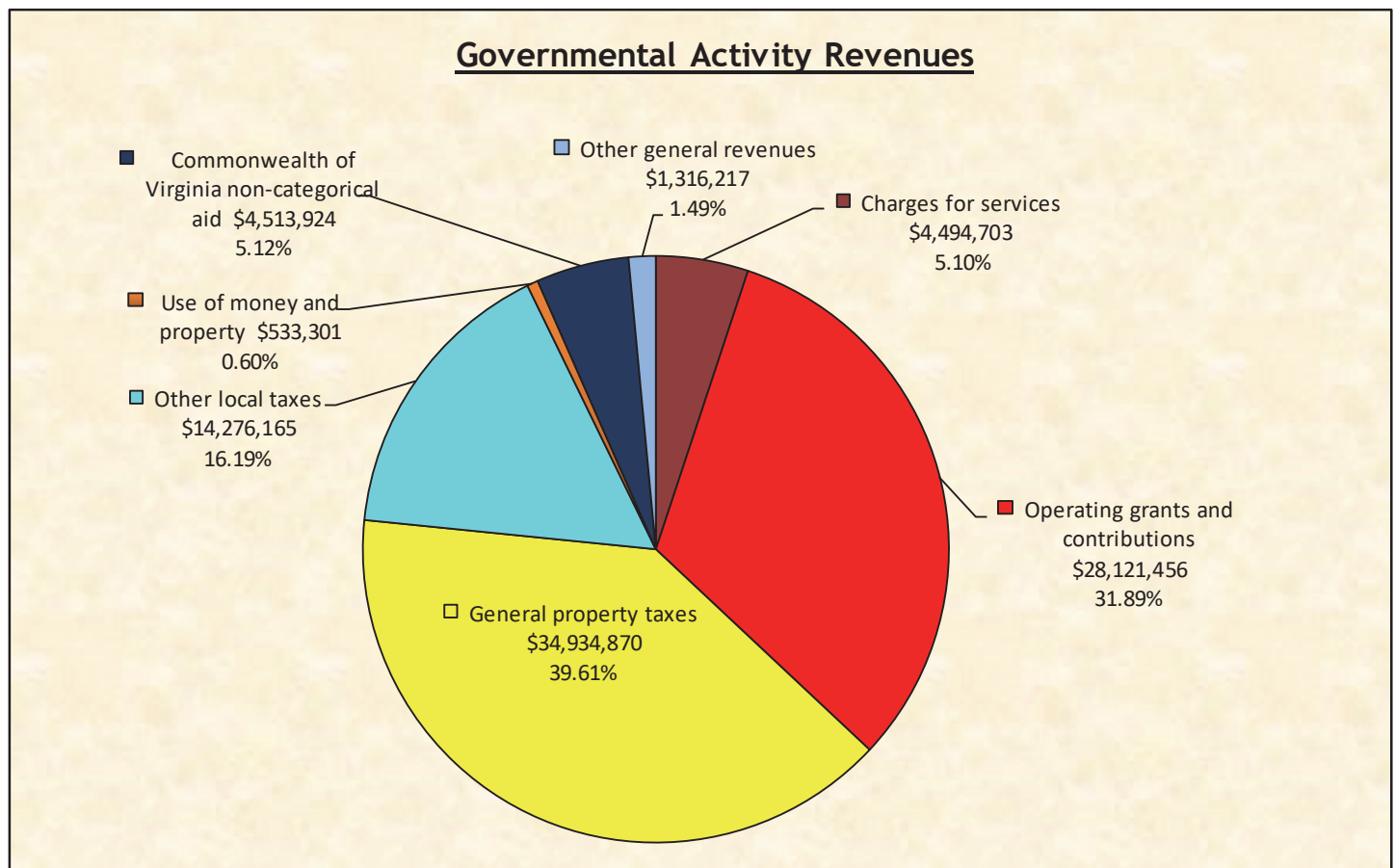
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 4,494,703	\$ 5,563,354	\$ 15,750,032	\$ 15,951,702	\$ 20,244,735	\$ 21,515,056
Operating grants and contributions	28,121,456	19,468,572	3,668,091	1,561,230	31,789,547	21,029,802
General revenues:						
General property taxes	34,934,870	35,340,387	-	-	34,934,870	35,340,387
Other local taxes	14,276,165	14,964,565	-	-	14,276,165	14,964,565
Use of money and property	533,301	222,256	8,296	12,083	541,597	234,339
Commonwealth of Virginia non- categorical aid	4,513,924	4,568,152	-	-	4,513,924	4,568,152
Other general revenues	1,316,217	856,202	-	-	1,316,217	856,202
Total revenues	<u>\$ 88,190,636</u>	<u>\$ 80,983,488</u>	<u>\$ 19,426,419</u>	<u>\$ 17,525,015</u>	<u>\$ 107,617,055</u>	<u>\$ 98,508,503</u>
Expenses:						
General government						
administration	\$ 8,106,044	\$ 6,885,622	\$ -	\$ -	\$ 8,106,044	\$ 6,885,622
Judicial administration	4,143,228	3,782,333	-	-	4,143,228	3,782,333
Public Safety	23,801,885	20,266,142	-	-	23,801,885	20,266,142
Public works	10,341,805	8,127,569	-	-	10,341,805	8,127,569
Health and welfare	15,810,384	14,495,922	-	-	15,810,384	14,495,922
Education	9,305,976	9,503,706	-	-	9,305,976	9,503,706
Parks, recreation, and cultural	2,187,262	2,001,456	-	-	2,187,262	2,001,456
Community development	1,115,561	522,584	-	-	1,115,561	522,584
Interest	1,878,322	2,129,755	-	-	1,878,322	2,129,755
Public Utility	-	-	12,012,231	12,141,089	12,012,231	12,141,089
Mass Transit	-	-	4,656,217	4,561,067	4,656,217	4,561,067
Golf Course	-	-	1,187,580	1,080,225	1,187,580	1,080,225
Total expenses	<u>\$ 76,690,467</u>	<u>\$ 67,715,089</u>	<u>\$ 17,856,028</u>	<u>\$ 17,782,381</u>	<u>\$ 94,546,495</u>	<u>\$ 85,497,470</u>
Increase(decrease) in net position before transfers	\$ 11,500,169	\$ 13,268,399	\$ 1,570,391	\$ (257,366)	\$ 13,070,560	\$ 13,011,033
Transfers	<u>\$ (1,380,228)</u>	<u>\$ (1,273,098)</u>	<u>\$ 1,380,228</u>	<u>\$ 1,273,098</u>	<u>\$ -</u>	<u>\$ -</u>
Increase (decrease) in net position	\$ 10,119,941	\$ 11,995,301	\$ 2,950,619	\$ 1,015,732	\$ 13,070,560	\$ 13,011,033
Net position, beginning of year, as restated	30,014,265	17,805,394	32,643,418	31,841,256	62,657,683	49,646,650
Net position, end of year	<u>\$ 40,134,206</u>	<u>\$ 29,800,695</u>	<u>\$ 35,594,037</u>	<u>\$ 32,856,988</u>	<u>\$ 75,728,243</u>	<u>\$ 62,657,683</u>

Government-wide Financial Analysis: (Continued)

The City's net position increased \$13,070,560 during the current fiscal year. This increase was reflective of an increase in net position of governmental activities of \$10,119,941 and an increase of \$2,950,619 in business-type activities. Governmental activity revenues increased from \$80,983,488 to \$88,190,636 an increase of \$7,207,148 or 8.90%. The major factors which contributed to the increase in revenue were an increase in revenues from operating grants and contributions of \$8,652,884, use of property and money of \$311,045 and other general revenues of \$465,015. These increases in revenue were offset by decreases in charges for services, general property taxes, other local taxes and non-categorical aid from the Commonwealth totaling \$2,216,796. Governmental expenses increased from \$67,715,089 in FY 19 to \$76,690,467 in FY 20 or \$8,975,378. There were several factors impacting the increase including an increase of \$9,424,541 in general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural and community development expenses. These increases were offset by a decrease in education expense of \$197,730 and interest expense of \$251,433. Education expenses totaled \$9,305,976 in FY 20 compared to \$9,503,706 in FY 19.

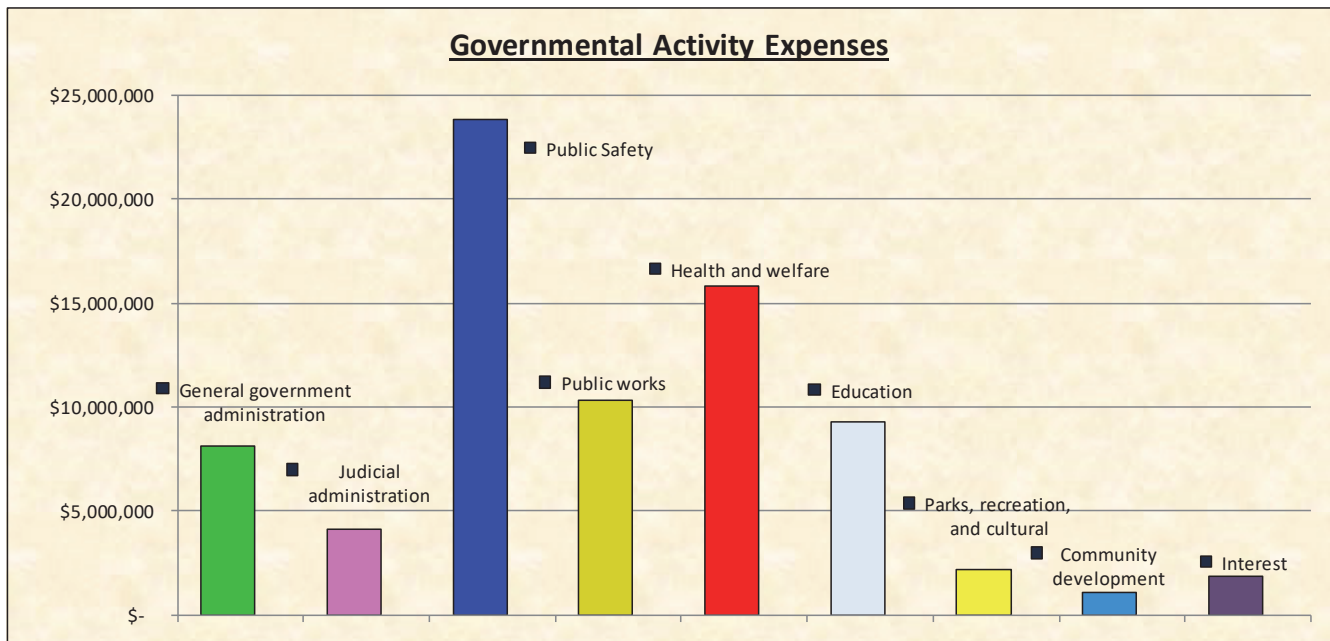
Net position increased in the business-type activities by \$2,950,619. The Public Utility Fund's net position increased by \$2,474,999, the Mass Transit Fund's net position increased by \$553,233 and the Golf Course Fund decreased by \$77,613. Overall business-type activity revenues decreased from \$15,959,082 to \$15,750,032 or \$209,050. The most significant decrease was noted in Public Utility operating revenue which decreased from \$14,620,549 in FY 19 to \$15,424,910 in FY 20 or \$195,639. Mass Transit operating revenue decreased by \$123,327 and expenses increased from \$4,561,067 in FY 19 to \$4,656,217 in FY 20 or \$95,150.

The chart below provides an overview of FY 19-20 Governmental Activity revenues by program source:



Government-wide Financial Analysis: (Continued)

The chart below denotes expenses by major category.



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$38,824,469 an increase of \$8,288,438 in comparison with the prior year. The City has non-spendable balances comprised of inventory and land held for resale in the amount of \$4,711,711. The City's General Fund has restricted fund balance for debt service in the amount of \$5,243,476. The fund balance of the City's General Fund increased \$4,362,631 during the current fiscal year. Key factors in the increase and decreases are as follows:

- The City's general property taxes decreased from \$35,568,665 in FY 19 to \$34,396,701 in FY 20 or \$1,171,964; other local taxes revenue decreased from \$14,964,565 to \$14,276,165 or \$688,400.
- Public Safety expenditures decreased from \$22,724,474 in FY 19 to \$21,603,996 in FY 20 or \$1,120,478.
- Education expenditures decreased from \$9,190,686 in FY 19 to \$8,898,561 in FY 20 or \$292,125.
- In FY 20 the General Fund revenues and other financing sources totaled \$73,998,281 while expenditures and other financing uses totaled \$69,635,650 resulting in an excess of \$4,362,631 reference Exhibit 11.

The City's other governmental funds reflected an overall increase in fund balances of \$3,925,807. The Capital Projects fund balance decreased \$414,924 and the other non-major funds increased \$4,340,731.

The Federal and State Projects Fund had revenues and other financing sources of \$12,012,245 and expenditures of \$8,103,054. The Federal and States Projects Fund have a decrease in fund balance of \$4,161,821 in FY 20. More information on the other governmental funds can be found on Exhibit 25.

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

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

Unrestricted net position (deficit) of the Public Utility Fund, Mass Transit Fund and the Golf Course at the end of the year were \$8,222,519, (\$5,454,890), and (\$2,863,694), respectively. Net position increased for the Public Utility Fund by \$2,474,999. While the Golf Course Fund had a decrease in net position of \$77,613, and the Mass Transit Fund had an increase in net position of \$553,233. Information for these funds was discussed previously in this letter.

General Fund Budgetary Highlights

The differences between the General Fund original budget and final amended budget were caused by an increase in federal appropriations. This increase caused the expenditure budget to increase from \$74,754,160 to \$74,905,929 as disclosed on Exhibit 11. Some of the major differences can be summarized as follows:

- An increase of \$151,769 in public works expenditures.
- An increase of \$28,651 in community development expenditures.
- A decrease of \$28,651 in public safety expenditures.

The total General Fund revenue budget increased from \$76,120,754 to \$76,272,523 or \$151,769. More detailed information on the General Fund budget revenues and expenditures can be found on Schedules 1 and 2 of this report.

Capital assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020 totaled \$101,321,901 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, water capacity rights intangibles, vehicles, and machinery and equipment. Current year depreciation on the assets amounted to \$3,659,876 in the governmental activities and \$2,547,933 in the business-type activities. The City's governmental capital assets, net of accumulated depreciation, decreased by \$567,782. The City's business-type capital assets, net of accumulated depreciation, decreased \$1,291,607. More detailed information on the City's capital assets can be found in Note 6 of this report.

Long-term obligations - At the end of the current fiscal year, the City governmental activities had total long-term obligations outstanding of \$68,726,088 and the business-type activities had \$18,320,632. Of these amounts \$51,618,912 comprises debt backed by the full faith and credit of the City as general obligation and Qualified Zone Academy bonds. The City issued \$5,500,000 of tax revenue anticipation notes during the year. As noted earlier the City recorded net pension and net other postemployment benefits in accordance with GASB 68 and GASB 75 respectively and the liabilities total \$25,456,350 at June 30, 2020. More detailed information on the City's long-term obligations can be found in the Note 7 of this report.

Based on available economic data, certain trends for the local economy have continued to show improvements while others have not. As of June 2020, the local unemployment rate is at 17.9% and the state unemployment rate is 8.5%.

This factor was considered in preparing the City's budget for the 2021 fiscal year. The General Fund adopted budget for FY 21 totals \$73,338,140 which is \$2,934,383 or -4.0% less than the fiscal 2020 amended budget of \$76,272,523. The real estate tax rate of \$1.35 per \$100 assessment remains unchanged.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 21,344,377	\$ -	\$ 21,344,377	\$ 5,053,520
Restricted cash	9,743,348	5,804,304	15,547,652	-
Receivables (net of allowance for uncollectibles):				
Property taxes	14,649,831	-	14,649,831	-
Accounts receivable	3,628,416	5,258,147	8,886,563	8,847
Prepaid items	105,880	2,656	108,536	48,300
Inventory	4,711,711	535,060	5,246,771	116,685
Due from Primary Government	-	-	-	1,315,401
Internal balances	1,990,880	(1,990,880)	-	-
Due from other governmental units	4,680,854	284,906	4,965,760	3,345,010
Total Current Assets	\$ 60,855,297	\$ 9,894,193	\$ 70,749,490	\$ 9,887,763
Capital Assets (net of depreciation):				
Land	\$ 6,046,998	\$ 5,123,939	\$ 11,170,937	\$ 5,000
Historical buildings and improvements	1,767,995	-	1,767,995	-
Construction in progress	1,467,562	431,938	1,899,500	-
Land improvements	26,895	218,066	244,961	57,218
Utility plant in service	-	16,817,066	16,817,066	-
Water capacity rights	-	1,768,000	1,768,000	-
Buildings and improvements	28,573,929	18,119,744	46,693,673	5,221,450
Vehicles	2,919,843	2,536,152	5,455,995	857,948
Equipment and machinery	2,492,050	1,169,722	3,661,772	405,397
Infrastructure	11,842,002	-	11,842,002	-
Total Capital Assets	\$ 55,137,274	\$ 46,184,627	\$ 101,321,901	\$ 6,547,013
Total Assets	\$ 115,992,571	\$ 56,078,820	\$ 172,071,391	\$ 16,434,776
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	\$ 5,511,527	\$ 714,658	\$ 6,226,185	\$ 8,122,063
OPEB deferrals	1,978,824	64,773	2,043,597	911,299
Deferred amount on refunding	1,030,937	40,979	1,071,916	-
Total Deferred Outflows of Resources	\$ 8,521,288	\$ 820,410	\$ 9,341,698	\$ 9,033,362
Total Assets and Deferred Outflows of Resources	\$ 124,513,859	\$ 56,899,230	\$ 181,413,089	\$ 25,468,138
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 3,872,414	\$ 658,935	\$ 4,531,349	\$ 4,956,238
Reconciled overdraft	-	1,205,376	1,205,376	-
Accrued interest payable	295,790	117,581	413,371	-
Unearned revenue	1,556,874	-	1,556,874	1,826,051
Customer deposits	57,742	729,096	786,838	-
Due to Component Unit School Board	1,315,401	-	1,315,401	-
Short-term revenue anticipation note	5,500,000	-	5,500,000	-
Current portion of long-term obligations	3,480,689	751,064	4,231,753	86,144
Total Current Liabilities	\$ 16,078,910	\$ 3,462,052	\$ 19,540,962	\$ 6,868,433
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	\$ 65,245,399	\$ 17,569,568	\$ 82,814,967	\$ 45,521,393
Total Noncurrent Liabilities	\$ 65,245,399	\$ 17,569,568	\$ 82,814,967	\$ 45,521,393
Total Liabilities	\$ 81,324,309	\$ 21,031,620	\$ 102,355,929	\$ 52,389,826
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 34,262	\$ -	\$ 34,262	\$ -
OPEB deferrals	1,778,207	118,207	1,896,414	713,373
Pension deferrals	1,242,875	155,366	1,398,241	5,368,767
Total Deferred Inflows of Resources	\$ 3,055,344	\$ 273,573	\$ 3,328,917	\$ 6,082,140
NET POSITION				
Net investment in capital assets	\$ 15,504,612	\$ 35,173,717	\$ 50,678,329	\$ 6,547,013
Restricted for grants	4,673,364	-	4,673,364	-
Restricted for debt service	-	516,385	516,385	-
Restricted for McKenney scholarships	8,546	-	8,546	-
Restricted for perpetual care and library	2,012,053	-	2,012,053	-
Unrestricted (deficit)	17,935,631	(96,065)	17,839,566	(39,550,841)
Total Net Position	\$ 40,134,206	\$ 35,594,037	\$ 75,728,243	\$ (33,003,828)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 124,513,859	\$ 56,899,230	\$ 181,413,089	\$ 25,468,138

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

CITY OF PETERSBURG, VIRGINIA

Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 8,106,044	\$ 300,581	\$ 312,073	\$ -
Judicial administration	4,143,228	830,012	1,198,203	-
Public safety	23,801,885	555,338	13,430,779	-
Public works	10,341,805	2,760,827	1,948,746	-
Health and welfare	15,810,384	-	10,588,298	-
Education	9,305,976	-	-	-
Parks, recreation, and cultural	2,187,262	47,445	156,433	-
Community development	1,115,561	500	486,924	-
Interest and bond issuance costs	1,878,322	-	-	-
Total governmental activities	\$ 76,690,467	\$ 4,494,703	\$ 28,121,456	\$ -
Business-type activities:				
Public utility	\$ 12,012,231	\$ 14,424,910	\$ -	\$ -
Mass transit	4,656,217	550,732	3,668,091	-
Golf course	1,187,580	774,390	-	-
Total business-type activities	\$ 17,856,028	\$ 15,750,032	\$ 3,668,091	\$ -
Total primary government	\$ 94,546,495	\$ 20,244,735	\$ 31,789,547	\$ -
COMPONENT UNIT:				
School Board	\$ 53,284,286	\$ 127,374	\$ 25,998,520	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Motor vehicle license taxes				
Lodging taxes				
Meals taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
City contribution to the school board				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (7,493,390)	\$ -	\$ (7,493,390)	\$ -
(2,115,013)	-	(2,115,013)	-
(9,815,768)	-	(9,815,768)	-
(5,632,232)	-	(5,632,232)	-
(5,222,086)	-	(5,222,086)	-
(9,305,976)	-	(9,305,976)	-
(1,983,384)	-	(1,983,384)	-
(628,137)	-	(628,137)	-
(1,878,322)	-	(1,878,322)	-
<u>\$ (44,074,308)</u>	<u>\$ -</u>	<u>\$ (44,074,308)</u>	<u>\$ -</u>
\$ -	\$ 2,412,679	\$ 2,412,679	\$ -
-	(437,394)	(437,394)	-
-	(413,190)	(413,190)	-
<u>\$ -</u>	<u>\$ 1,562,095</u>	<u>\$ 1,562,095</u>	<u>\$ -</u>
<u>\$ (44,074,308)</u>	<u>\$ 1,562,095</u>	<u>\$ (42,512,213)</u>	<u>\$ -</u>
			\$ (27,158,392)
\$ 34,934,870	\$ -	\$ 34,934,870	\$ -
4,235,470	-	4,235,470	-
1,975,148	-	1,975,148	-
2,448,809	-	2,448,809	-
634,750	-	634,750	-
550,594	-	550,594	-
2,987,766	-	2,987,766	-
1,443,628	-	1,443,628	-
533,301	8,296	541,597	8,721
1,316,217	-	1,316,217	628,926
4,513,924	-	4,513,924	17,501,995
-	-	-	8,893,453
(1,380,228)	1,380,228	-	-
<u>\$ 54,194,249</u>	<u>\$ 1,388,524</u>	<u>\$ 55,582,773</u>	<u>\$ 27,033,095</u>
\$ 10,119,941	\$ 2,950,619	\$ 13,070,560	\$ (125,297)
30,014,265	32,643,418	62,657,683	(32,878,531)
<u>\$ 40,134,206</u>	<u>\$ 35,594,037</u>	<u>\$ 75,728,243</u>	<u>\$ (33,003,828)</u>

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2020

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Non Major Funds	
ASSETS				
Cash and cash equivalents	\$ 8,863,017	\$ 2,073,665	\$ 10,407,695	\$ 21,344,377
Restricted cash	5,243,476	2,479,273	2,020,599	9,743,348
Receivables (Net of allowances for uncollectibles):				
Taxes	14,649,831	-	-	14,649,831
Accounts	3,204,167	-	424,249	3,628,416
Prepaid items	105,880	-	-	105,880
Inventory and land held for resale	4,711,711	-	-	4,711,711
Due from other funds	415,501	4,251,288	114,015	4,780,804
Due from Component Unit School Board	1,755,085	-	-	1,755,085
Due from other governmental units	4,592,600	-	88,254	4,680,854
Total assets	<u>\$ 43,541,268</u>	<u>\$ 8,804,226</u>	<u>\$ 13,054,812</u>	<u>\$ 65,400,306</u>
LIABILITIES				
Accounts payable	\$ 1,371,577	\$ 106,836	\$ 1,348,515	\$ 2,826,928
Accrued salaries payable	972,259	-	73,227	1,045,486
Deposits held	57,742	-	-	57,742
Unearned revenue	-	-	1,556,874	1,556,874
Short-term revenue anticipation note	5,500,000	-	-	5,500,000
Due to other funds	2,498,455	-	291,469	2,789,924
Due to Component Unit School Board	-	3,070,486	-	3,070,486
Total liabilities	<u>\$ 10,400,033</u>	<u>\$ 3,177,322</u>	<u>\$ 3,270,085</u>	<u>\$ 16,847,440</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 9,728,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,728,397</u>
FUND BALANCE				
Nonspendable:				
Inventory and land held for resale	\$ 4,711,711	\$ -	\$ -	\$ 4,711,711
Cemetery Perpetual care and library	-	-	2,012,053	2,012,053
McKenney scholarships	-	-	8,546	8,546
Interfund loans	415,501	4,251,288	-	4,666,789
Prepaid items	105,880	-	-	105,880
Restricted:				
Grants	-	-	4,673,364	4,673,364
Debt service	5,243,476	-	-	5,243,476
Capital projects	-	1,375,616	-	1,375,616
Committed:				
Stormwater	-	-	3,090,764	3,090,764
Unassigned (deficit)	<u>12,936,270</u>	<u>-</u>	<u>-</u>	<u>12,936,270</u>
Total fund balances	<u>\$ 23,412,838</u>	<u>\$ 5,626,904</u>	<u>\$ 9,784,727</u>	<u>\$ 38,824,469</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 43,541,268</u>	<u>\$ 8,804,226</u>	<u>\$ 13,054,812</u>	<u>\$ 65,400,306</u>
Fund balances above				\$ 38,824,469
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.				55,137,274
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.				(295,790)
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				(1,242,875)
Deferred inflows related to measurement of net OPEB liability				(1,778,207)
Deferred outflows - OPEB deferrals				1,978,824
Deferred outflows - pension deferrals				5,511,527
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.				9,694,135
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.				(67,695,151)
Net position of General Government Activities				<u>\$ 40,134,206</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, 2020

	Governmental Fund Types			
	General	Capital Projects	Non-Major Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 34,396,701	\$ -	\$ -	\$ 34,396,701
Other local taxes	14,276,165	-	-	14,276,165
Permits, privilege fees and regulatory licenses	346,167	-	-	346,167
Fines and forfeitures	643,894	-	-	643,894
Revenue from use of money and property	406,397	114,010	12,894	533,301
Charges for services	2,500,667	-	1,003,975	3,504,642
Miscellaneous	1,128,671	75,000	112,546	1,316,217
Recovered costs	262,251	-	20,178	282,429
Intergovernmental:				
Commonwealth	15,158,444	310,825	9,031,824	24,501,093
Federal	4,840,785	-	3,293,502	8,134,287
Total revenues	\$ 73,960,142	\$ 499,835	\$ 13,474,919	\$ 87,934,896
Expenditures:				
Current:				
General government administration	\$ 8,505,637	\$ 275,056	\$ -	\$ 8,780,693
Judicial administration	3,628,426	-	300,383	3,928,809
Public safety	21,603,996	-	1,636,931	23,240,927
Public works	4,596,979	357,435	5,276,430	10,230,844
Health and welfare	14,473,444	-	1,291,509	15,764,953
Education	8,898,561	244,129	-	9,142,690
Parks, recreation, and cultural	1,859,623	-	102,873	1,962,496
Community development	654,987	-	574,702	1,229,689
Nondepartmental	234,946	-	-	234,946
Debt service:				
Principal retirement	1,898,305	-	55,000	1,953,305
Interest and other fiscal charges	1,514,099	-	90,270	1,604,369
Bond issuance costs	192,509	109,821	-	302,330
Total expenditures	\$ 68,061,512	\$ 986,441	\$ 9,328,098	\$ 78,376,051
Excess (deficiency) of revenues over (under) expenditures	\$ 5,898,630	\$ (486,606)	\$ 4,146,821	\$ 9,558,845
Other financing sources (uses):				
Transfers in	\$ 38,139	\$ -	\$ 193,910	\$ 232,049
Transfers (out)	(1,574,138)	(38,139)	-	(1,612,277)
Issuance of debt	-	5,274,750	-	5,274,750
Premium on debt	-	951,754	-	951,754
Payment to bond escrow agent	-	(6,116,683)	-	(6,116,683)
Total other financing sources (uses)	\$ (1,535,999)	\$ 71,682	\$ 193,910	\$ (1,270,407)
Changes in fund balance	\$ 4,362,631	\$ (414,924)	\$ 4,340,731	\$ 8,288,438
Fund balances at beginning of year	19,050,207	6,041,828	5,443,996	30,536,031
Fund balances at end of year	\$ 23,412,838	\$ 5,626,904	\$ 9,784,727	\$ 38,824,469

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, 2020

		<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	\$	8,288,438
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	\$ 3,092,094	
Depreciation expense	<u>(3,659,876)</u>	(567,782)
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	\$ 538,169	
Change in deferred inflows related to the measurement of net pension liability	2,759,570	
Change in deferred inflows related to the measurement of net OPEB liability	<u>(415,516)</u>	2,882,223
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:		
Issuance of debt	\$ (5,274,750)	
Premium on debt	(951,754)	
Deferred amount on refunding	139,303	
Principal retired on debt	8,099,946	
Premium on debt	45,322	
Discount on debt and capital leases	<u>(10,383)</u>	2,047,684
Change in deferred outflows related to pensions		2,760,686
Change in deferred outflows related to OPEB		1,007,447
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	\$ (113,122)	
Change in net pension liability	(5,507,954)	
Change in net OPEB liability	(671,117)	
Change in deferred amount on refunding	(38,767)	
Change in accrued interest payable	<u>32,205</u>	(6,298,755)
Change in net position of governmental activities	\$	<u>10,119,941</u>

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

Statement of Net Position
Proprietary Funds
June 30, 2020

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 6,008,823	\$ -	\$ -	\$ 6,008,823
Restricted cash	5,804,304	-	-	5,804,304
Receivables (net of allowance for uncollectibles):				
Accounts receivable	5,258,147	-	-	5,258,147
Due from other governmental units	-	284,906	-	284,906
Due from other funds	55,922	8,730	-	64,652
Prepaid items	2,656	-	-	2,656
Inventory	278,056	243,527	13,477	535,060
Total Current Assets	\$ 17,407,908	\$ 537,163	\$ 13,477	\$ 17,958,548
Capital assets (net of depreciation):				
Land	\$ 173,898	\$ 1,566,994	\$ 3,383,047	\$ 5,123,939
Construction in progress	431,938	-	-	431,938
Land improvements	-	-	218,066	218,066
Utility plant in service	16,817,066	-	-	16,817,066
Buildings and improvements	-	17,281,028	838,716	18,119,744
Water capacity rights	1,768,000	-	-	1,768,000
Vehicles	152,910	2,383,242	-	2,536,152
Equipment and machinery	679,877	215,870	273,975	1,169,722
Total capital assets (net of accumulated depreciation)	\$ 20,023,689	\$ 21,447,134	\$ 4,713,804	\$ 46,184,627
Total Assets	\$ 37,431,597	\$ 21,984,297	\$ 4,727,281	\$ 64,143,175
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	\$ 245,569	\$ 364,126	\$ 104,963	\$ 714,658
OPEB deferrals	24,033	34,086	6,654	64,773
Deferred amount on refunding	-	-	40,979	40,979
Total Deferred Outflows or Resources	\$ 269,602	\$ 398,212	\$ 152,596	\$ 820,410
Total Assets and Deferred Outflows of Resources	\$ 37,701,199	\$ 22,382,509	\$ 4,879,877	\$ 64,963,585
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 421,122	\$ 103,454	\$ 12,713	\$ 537,289
Reconciled overdraft	-	4,826,119	2,388,080	7,214,199
Accrued salaries payable	44,428	63,489	13,729	121,646
Accrued interest payable	80,069	-	37,512	117,581
Due to other funds	1,775,752	-	279,780	2,055,532
Customers' deposits payable	729,096	-	-	729,096
Current portion of compensated absences	6,146	9,906	3,694	19,746
Current portion of capital leases	362,780	-	-	362,780
Current portion of premium on bonds issued	24,612	-	24,404	49,016
Current portion of general obligation bonds	215,000	-	104,522	319,522
Total Current Liabilities	\$ 3,659,005	\$ 5,002,968	\$ 2,864,434	\$ 11,526,407
Noncurrent Liabilities:				
Noncurrent portion of compensated absences	\$ 55,317	\$ 89,157	\$ 33,242	\$ 177,716
Noncurrent portion of capital leases	3,630,327	-	-	3,630,327
Noncurrent portion of premium on bonds issued	514,789	-	463,675	978,464
Noncurrent portion of net pension liability	685,175	971,748	189,693	1,846,616
Noncurrent portion of net OPEB liability	130,523	185,112	36,136	351,771
Noncurrent portion of general obligation bonds	7,275,000	-	3,309,674	10,584,674
Total Noncurrent Liabilities	\$ 12,291,131	\$ 1,246,017	\$ 4,032,420	\$ 17,569,568
Total Liabilities	\$ 15,950,136	\$ 6,248,985	\$ 6,896,854	\$ 29,095,975
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	\$ 53,246	\$ 79,075	\$ 23,045	\$ 155,366
OPEB deferrals	43,859	62,205	12,143	118,207
Total Deferred Inflows or Resources	\$ 97,105	\$ 141,280	\$ 35,188	\$ 273,573
NET POSITION				
Net investment in capital assets	\$ 12,915,054	\$ 21,447,134	\$ 811,529	\$ 35,173,717
Restricted for debt service	516,385	-	-	516,385
Unrestricted	8,222,519	(5,454,890)	(2,863,694)	(96,065)
Total Net Position	\$ 21,653,958	\$ 15,992,244	\$ (2,052,165)	\$ 35,594,037
Total Liabilities, Deferred Inflows of resources, and Net Position	\$ 37,701,199	\$ 22,382,509	\$ 4,879,877	\$ 64,963,585

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, 2020

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Operating revenues:				
Charges for services	\$ 14,182,077	\$ 520,891	\$ 774,390	\$ 15,477,358
Connection fees	220,005	-	-	220,005
Miscellaneous income	22,828	29,841	-	52,669
Total operating revenues	<u>\$ 14,424,910</u>	<u>\$ 550,732</u>	<u>\$ 774,390</u>	<u>\$ 15,750,032</u>
Operating expenses:				
Personal services	\$ 1,568,352	\$ 1,968,929	\$ 433,420	\$ 3,970,701
Fringe benefits	473,333	640,662	153,636	1,267,631
Contractual services	425,885	291,972	94,808	812,665
Wastewater treatment services	4,844,845	-	-	4,844,845
Water purchased for resale	1,382,561	-	-	1,382,561
Other charges	1,512,973	656,199	227,680	2,396,852
Depreciation	1,311,934	1,098,455	137,544	2,547,933
Total operating expenses	<u>\$ 11,519,883</u>	<u>\$ 4,656,217</u>	<u>\$ 1,047,088</u>	<u>\$ 17,223,188</u>
Operating income (loss)	<u>\$ 2,905,027</u>	<u>\$ (4,105,485)</u>	<u>\$ (272,698)</u>	<u>\$ (1,473,156)</u>
Nonoperating revenues (expenses):				
State grants	\$ -	\$ 1,512,599	\$ -	\$ 1,512,599
Federal grants	-	2,155,492	-	2,155,492
Interest income	8,296	-	-	8,296
Interest expense	(492,348)	-	(140,492)	(632,840)
Total nonoperating revenues (expenses)	<u>\$ (484,052)</u>	<u>\$ 3,668,091</u>	<u>\$ (140,492)</u>	<u>\$ 3,043,547</u>
Income (loss) before transfers	<u>\$ 2,420,975</u>	<u>\$ (437,394)</u>	<u>\$ (413,190)</u>	<u>\$ 1,570,391</u>
Transfers in	<u>54,024</u>	<u>990,627</u>	<u>335,577</u>	<u>1,380,228</u>
Changes in net position	<u>\$ 2,474,999</u>	<u>\$ 553,233</u>	<u>\$ (77,613)</u>	<u>\$ 2,950,619</u>
Net position (deficit) at beginning of year, as restated	<u>19,178,959</u>	<u>15,439,011</u>	<u>(1,974,552)</u>	<u>32,643,418</u>
Net position (deficit) at end of year	<u><u>\$ 21,653,958</u></u>	<u><u>\$ 15,992,244</u></u>	<u><u>\$ (2,052,165)</u></u>	<u><u>\$ 35,594,037</u></u>

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

Statement of Cash Flows --
Proprietary Funds
Year Ended June 30, 2020

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 14,460,624	\$ 550,732	\$ 772,914	\$ 15,784,270
Payments to employees (including fringe benefits)	(2,056,137)	(2,521,205)	(546,473)	(5,123,815)
Payments to suppliers	(8,239,701)	(913,061)	(337,025)	(9,489,787)
Net cash provided by (used for) operating activities	\$ 4,164,786	\$ (2,883,534)	\$ (110,584)	\$ 1,170,668
Cash flows from capital and related financing activities:				
Purchase and construction of capital assets	\$ (222,399)	\$ (1,044,089)	\$ -	\$ (1,266,488)
Interest expense	(456,057)	-	(155,579)	(611,636)
Premium(discount) on debt issued	(24,612)	-	(24,404)	(49,016)
Deferred amount on refunding	-	-	(40,979)	(40,979)
Proceeds from general obligation bonds	-	-	3,352,733	3,352,733
Retirement of indebtedness	(458,594)	-	(3,388,983)	(3,847,577)
Net cash provided by (used for) capital and related financing activities	\$ (1,161,662)	\$ (1,044,089)	\$ (257,212)	\$ (2,462,963)
Cash flows from noncapital financing activities:				
State and federal grants	\$ -	\$ 3,400,385	\$ -	\$ 3,400,385
Negative cash balances implicitly financed	-	(455,090)	32,219	(422,871)
Transfers (to) and from other funds	88,047	982,328	335,577	1,405,952
Net cash provided by (used for) noncapital financing activities	\$ 88,047	\$ 3,927,623	\$ 367,796	\$ 4,383,466
Cash flows from investing activities:				
Interest income	\$ 8,296	\$ -	\$ -	\$ 8,296
Increase in cash and cash equivalents	\$ 3,099,467	\$ -	\$ -	\$ 3,099,467
Cash and cash equivalents at beginning of year	8,713,660	-	-	8,713,660
Cash and cash equivalents at end of year	\$ 11,813,127	\$ -	\$ -	\$ 11,813,127
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 2,905,027	\$ (4,105,485)	\$ (272,698)	\$ (1,473,156)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation	\$ 1,311,934	\$ 1,098,455	\$ 137,544	\$ 2,547,933
Loss on disposal of assets	-	10,162	-	10,162
Changes in operating activities:				
(Increase) decrease in:				
Accounts receivable and due from other governments	20,130	-	-	20,130
Inventory	2,165	(26,677)	2,027	(22,485)
Prepaid items	5,911	-	-	5,911
Increase (decrease) in:				
Accounts payable	(81,513)	51,625	(16,564)	(46,452)
Accrued salaries payable	7,648	10,930	2,364	20,942
Customer deposits	15,584	-	-	15,584
Pension deferred outflows of resources	(124,795)	(95,524)	9,237	(211,082)
Pension deferred inflows of resources	(135,609)	(180,449)	(45,575)	(361,633)
Net pension liability	241,823	342,965	66,949	651,737
OPEB deferred outflows of resources	(12,162)	(17,252)	(3,367)	(32,781)
OPEB deferred inflows of resources	21,482	30,468	5,948	57,898
Net OPEB liability	(15,011)	(21,289)	(4,156)	(40,456)
Unearned revenue	-	-	(1,476)	(1,476)
Compensated absences	2,172	18,537	9,183	29,892
Total adjustments	\$ 1,259,759	\$ 1,221,951	\$ 162,114	\$ 2,643,824
Net cash provided by (used for) operating activities	\$ 4,164,786	\$ (2,883,534)	\$ (110,584)	\$ 1,170,668
Reconciliation of Cash to Statement of Net Position:				
Cash and cash equivalents	\$ 6,008,823	\$ -	\$ -	\$ 6,008,823
Restricted cash - SCWA - debt service	5,804,304	-	-	5,804,304
Negative cash balances implicitly financed	-	(4,826,119)	(2,388,080)	(7,214,199)
Total cash and cash equivalents at end of year	\$ 11,813,127	\$ (4,826,119)	\$ (2,388,080)	\$ 4,598,928

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

Statement of Fiduciary Net Position - Fiduciary Funds
At June 30, 2020

	Hospital Trust Fund		Private- Purpose Trust	Agency Funds
ASSETS				
Cash and cash equivalents	\$	555,610	\$	228,429
Land held for resale		-		2,500,000
Total assets	\$	555,610	\$	2,728,429
LIABILITIES				
Accounts payable	\$	135,000	\$	-
Amounts held for others		-		2,728,429
Total liabilities	\$	135,000	\$	2,728,429
NET POSITION				
Held for hospitalization care for welfare recipients		420,610		-
Total liabilities and net position	\$	555,610	\$	2,728,429

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, 2020

	Hospital Trust Fund Private- Purpose Trust
Additions	
Investment income	\$ 237
Change in net position	\$ 237
Net position - beginning of the year	420,373
Net position - end of the year	\$ 420,610

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, 2020

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, 2020.

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, 2020.

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, 2020 (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, 2020 were \$4,844,845. 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, 2020 were \$3,766,894. 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, 2020 were \$1,382,561. 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, 2020 (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 Greenville, 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 Agency Funds) - account for assets held by the City in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private-Purpose Trust Funds and Agency Funds. The Private-Purpose Trust Fund accounts for monies derived from investment earnings to provide hospitalization care for welfare recipients in the City and is named the Hospital Trust Fund. The Agency Funds are custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. Fiduciary funds are not included in the government-wide financial statements. Agency funds include the Special Welfare, Jail Inmate, Drug Seizure and Industrial Development Authority 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

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, 2020 (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 \$8,168,510 at June 30, 2020 and is comprised of the following:

Property taxes - General Fund	\$ 1,013,153
Refuse and consumer's utility taxes - General Fund	1,133,893
Stormwater fees	605,864
Public Utility Accounts	5,415,600
Total	<u>\$ 8,168,510</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 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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

J. Capital Assets: (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized for the year ended June 30, 2020.

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

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

K. Compensated Absences

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

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

L. Property Taxes

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

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

L. Property Taxes: (Continued)

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

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;

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

O. Fund Equity: (Continued)

- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The City Council establishes and modifies or rescinds fund balance commitments at year-end by passage of a resolution. The City Council has not delegated this authority to assign amounts to any individual for the fiscal year ending June 30, 2020.

As of June 30, 2020, there was a deficit net position in the Golf Course Fund (\$2,052,165).

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.

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

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.
- 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 will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has 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 also comprised of certain items related to measurement of the net pension liability. These include differences between expected and actual experience, the net difference between projected and actual experience, the net difference between projected and actual earnings on pension plan investments, and changes in proportionate share of employer contributions. For more detailed information on this item, reference the pension note.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

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

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.

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, 2020 (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, 2020 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, 2020 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	\$ 319,833	\$ -	
Virginia State Non-Arbitrage Program (SNAP)	5,778,255	-	
U.S. Treasury Money Market Funds	2,757,106	-	
Total Primary Government investments	\$ 8,855,194	\$ -	

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	\$ 319,833	\$ 319,833	\$ -
Virginia State Non-Arbitrage Program (SNAP)	5,778,255	5,778,255	-
U.S. Treasury Money Market Funds	2,757,106	2,757,106	-
Total Primary Government investments	\$ 8,855,194	\$ 8,855,194	\$ -

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 2—Deposits and Investments: (Continued)

External Investment Pools: (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, 2020, the City has receivables from other governments as follows:

	Primary Government	
	Governmental	Business-type
	Funds	Funds
Commonwealth of Virginia:		
Local sales taxes	\$ 748,739	\$ -
Miscellaneous grants	147,000	-
Shared expenses	158,191	-
Public assistance and welfare administration	237,667	-
Comprehensive services	435,637	-
Mass Transit	-	277,795
PPTRA	2,294,331	-
Communications tax	250,081	-
Federal Government:		
Public assistance and welfare administration	339,159	-
Miscellaneous grants	70,049	-
Mass Transit	-	7,111
Total due from other governments	<u>\$ 4,680,854</u>	<u>\$ 284,906</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020 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	\$ 415,501	\$ 2,498,455
Capital projects	4,251,288	-
Enterprise:		
Public Utility	55,922	1,775,752
Mass Transit	8,730	-
Golf Course	-	279,780
Nonmajor funds:		
Federal and State Projects	-	41,398
Community Development Act	19,879	-
Stormwater	94,136	-
Blandford Cemetery Perpetual Care	-	250,071
Total	<u>\$ 4,845,456</u>	<u>\$ 4,845,456</u>
Reporting Entity:		
Primary Government - General Fund	\$ 1,755,085	\$ -
Primary Government - Capital Projects Fund	-	3,070,486
School Board	1,315,401	-
Total	<u>\$ 3,070,486</u>	<u>\$ 3,070,486</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, 2020, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Major Funds:		
General	\$ 38,139	\$ 1,574,138
Capital Projects Fund	-	38,139
Public Utility Fund	54,024	-
Mass Transit Fund	990,627	-
Golf Course Fund	335,577	-
Nonmajor Funds:		
Stormwater Fund	145,270	-
Federal and State Grants Fund	48,640	-
Total	<u>\$ 1,612,277</u>	<u>\$ 1,612,277</u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Inventory:

At June 30, 2020, the City has inventory recorded in the various funds as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Expendable supplies	\$ 18,862	\$ 535,060
Land and building inventory held for resale:		
324 Commercial/residential lots owned in the City	4,660,668	-
8 Commercial buildings owned in Dinwiddie County	32,181	-
Totals	<u>\$ 4,711,711</u>	<u>\$ 535,060</u>

The following is a summary of changes in inventory held for resale for the fiscal year ended June 30, 2020:

	<u>Balance July 1, 2019</u>	<u>Purchases</u>	<u>Sales</u>	<u>Balance June 30, 2020</u>
Land and building inventory held for resale:				
312 Commercial/residential lots owned in the City	\$ 4,675,018	\$ -	\$ 14,350	\$ 4,660,668
8 Commercial buildings owned in Dinwiddie County	32,181	-	-	32,181
Totals	<u>\$ 4,707,199</u>	<u>\$ -</u>	<u>\$ 14,350</u>	<u>\$ 4,692,849</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2020 (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, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,046,998	\$ -	\$ -	\$ 6,046,998
Historical buildings and improvements	1,767,995	-	-	1,767,995
Construction in progress - city projects	865,662	1,338,206	736,306	1,467,562
Total capital assets not being depreciated	\$ 8,680,655	\$ 1,338,206	\$ 736,306	\$ 9,282,555
Capital assets being depreciated:				
Buildings and improvements	\$ 77,785,611	\$ 603,910	\$ -	\$ 78,389,521
Land improvements	34,959	-	-	34,959
Infrastructure	110,032,657	132,396	-	110,165,053
Vehicles	14,221,792	623,161	825,435	14,019,518
Equipment (other than vehicles)	14,532,642	1,130,727	333,782	15,329,587
Total capital assets being depreciated	\$ 216,607,661	\$ 2,490,194	\$ 1,159,217	\$ 217,938,638
Accumulated depreciation:				
Buildings and improvements	\$ 48,290,634	\$ 1,524,958	\$ -	\$ 49,815,592
Land improvements	4,032	4,032	-	8,064
Infrastructure	97,648,234	674,817	-	98,323,051
Vehicles	11,177,226	747,884	825,435	11,099,675
Equipment (other than vehicles)	12,463,134	708,185	333,782	12,837,537
Total accumulated depreciation	\$ 169,583,260	\$ 3,659,876	\$ 1,159,217	\$ 172,083,919
Total capital assets being depreciated, net	\$ 47,024,401	\$ (1,169,682)	\$ -	\$ 45,854,719
Governmental Activities capital assets, net	\$ 55,705,056	\$ 168,524	\$ 736,306	\$ 55,137,274
Reconciliation of primary government net position net investment in capital assets:				
Net capital assets				\$ 55,137,274
Long-term debt applicable to capital assets:				
General obligation bonds			\$ 37,046,188	
School Literary Fund loan			100,000	
School Qualified Zone Academy Bonds (SQZAB's)			3,668,528	
Cash deposited in School Qualified Zone Academy Bonds Funds			(2,206,513)	
Premium on bonds payable			906,432	
Deferred amount on refunding			(1,030,937)	
Discount on bonds payable			(238,814)	
Stormwater revenue bond			2,120,000	
				\$ 40,364,884
Less-debt proceeds received but not expended on capital assets at year end				(732,222)
Net long-term debt, as adjusted				\$ 39,632,662
Net investment in capital assets				\$ 15,504,612

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Business-type Activities:				
Public Utility Fund:				
Capital assets, not being depreciated:				
Land	\$ 173,898	\$ -	\$ -	\$ 173,898
Construction in progress	361,226	171,952	101,240	431,938
Total capital assets not being depreciated	<u>\$ 535,124</u>	<u>\$ 171,952</u>	<u>\$ 101,240</u>	<u>\$ 605,836</u>
Capital assets being depreciated:				
Utility plant in service	\$ 37,351,693	\$ 78,740	\$ -	\$ 37,430,433
Water capacity rights	4,420,000	-	-	4,420,000
Vehicles	1,250,245	-	35,555	1,214,690
Equipment and machinery	2,312,820	72,947	-	2,385,767
Total capital assets being depreciated	<u>\$ 45,334,758</u>	<u>\$ 151,687</u>	<u>\$ 35,555</u>	<u>\$ 45,450,890</u>
Accumulated depreciation:				
Utility plant in service	\$ 19,620,568	\$ 992,799	\$ -	\$ 20,613,367
Water capacity rights	2,541,500	110,500	-	2,652,000
Vehicles	1,060,484	36,851	35,555	1,061,780
Equipment and machinery	1,534,106	171,784	-	1,705,890
Total accumulated depreciation	<u>\$ 24,756,658</u>	<u>\$ 1,311,934</u>	<u>\$ 35,555</u>	<u>\$ 26,033,037</u>
Total capital assets being depreciated, net	<u>\$ 20,578,100</u>	<u>\$ (1,160,247)</u>	<u>\$ -</u>	<u>\$ 19,417,853</u>
Public Utility Fund capital assets, net	<u>\$ 21,113,224</u>	<u>\$ (988,295)</u>	<u>\$ 101,240</u>	<u>\$ 20,023,689</u>
Reconciliation of Public Utility Fund net position net investment in capital assets:				
Net capital assets				\$ 20,023,689
Long-term debt applicable to capital assets:				
General obligation bonds			\$ 7,490,000	
Premium on bonds issued			539,401	
Capital lease			3,993,107	\$ 12,022,508
Less-debt proceeds received but not expended on capital assets at year end				(4,913,873)
Net long-term debt, as adjusted				\$ 7,108,635
Net investment in capital assets				<u>\$ 12,915,054</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Business-type Activities:				
Mass Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,566,994	\$ -	\$ -	\$ 1,566,994
Total capital assets not being depreciated	\$ 1,566,994	\$ -	\$ -	\$ 1,566,994
Capital assets being depreciated:				
Buildings and improvements	\$ 25,506,763	\$ -	\$ -	\$ 25,506,763
Vehicles	6,320,207	994,294	2,391,320	4,923,181
Equipment and machinery	1,066,317	49,795	-	1,116,112
Total capital assets being depreciated	\$ 32,893,287	\$ 1,044,089	\$ 2,391,320	\$ 31,546,056
Accumulated depreciation:				
Buildings and improvements	\$ 7,610,559	\$ 615,176	\$ -	\$ 8,225,735
Vehicles	4,483,353	437,744	2,381,158	2,539,939
Equipment and machinery	854,707	45,535	-	900,242
Total accumulated depreciation	\$ 12,948,619	\$ 1,098,455	\$ 2,381,158	\$ 11,665,916
Total capital assets being depreciated, net	\$ 19,944,668	\$ (54,366)	\$ 10,162	\$ 19,880,140
Mass Transit Fund capital assets, net	\$ 21,511,662	\$ (54,366)	\$ 10,162	\$ 21,447,134

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
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
Equipment and machinery	426,349	-	-	426,349
Total capital assets being depreciated	\$ 2,443,079	\$ -	\$ -	\$ 2,443,079
Accumulated depreciation:				
Land improvements	\$ 753,427	\$ 69,106	\$ -	\$ 822,533
Buildings and improvements	111,612	25,803	-	137,415
Equipment and machinery	109,739	42,635	-	152,374
Total accumulated depreciation	\$ 974,778	\$ 137,544	\$ -	\$ 1,112,322
Total capital assets being depreciated, net	\$ 1,468,301	\$ (137,544)	\$ -	\$ 1,330,757
Golf Course Fund capital assets, net	\$ 4,851,348	\$ (137,544)	\$ -	\$ 4,713,804
Reconciliation of Golf Course Fund net position net investment in capital assets:				
Net capital assets				\$ 4,713,804
Long-term debt applicable to capital assets:				
General obligation bonds		\$ 3,414,196		
Premium on bonds issued		488,079		\$ 3,902,275
Net long-term debt, as adjusted				\$ 3,902,275
Net investment in capital assets				\$ 811,529
Total Business-type Activities capital assets, net	\$ 47,476,234	\$ (1,180,205)	\$ 111,402	\$ 46,184,627

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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	\$ 241,761
Judicial administration	190,519
Public safety	893,258
Public works	1,119,511
Health and welfare	239,634
Education	739,306
Parks, recreation and cultural	215,571
Community development	<u>20,316</u>
Total Governmental activities	\$ <u><u>3,659,876</u></u>
Business-type activities:	
Public Utility Fund	\$ 1,311,934
Mass Transit Fund	1,098,455
Golf Course Fund	<u>137,544</u>
Total Business-type activities	\$ <u><u>2,547,933</u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2020 (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, 2020:

Description	July 1, 2019, as restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2020	Amounts Due Within One Year
Long-term obligation transactions:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 39,318,924	\$ 5,274,750	\$ 7,547,486	\$ 37,046,188	\$ 1,412,500
Stormwater revenue bonds	2,175,000	-	55,000	2,120,000	60,000
School Literary Fund loans	150,000	-	50,000	100,000	50,000
School Qualified Zone Academy Bonds	3,868,528	-	200,000	3,668,528	1,736,671
Capital leases	247,460	-	247,460	-	-
Premium on bonds payable	-	951,754	45,322	906,432	45,322
Discount on bonds payable	(249,197)	-	(10,383)	(238,814)	(10,383)
Net pension liability	10,098,119	18,353,588	12,845,634	15,606,073	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 1,714,168	\$ 125,185	\$ 726,980	\$ 1,112,373	\$ -
Net LODA OPEB liability	3,666,000	2,493,945	1,480,907	4,679,038	-
Net GLI OPEB liability	1,600,605	822,115	562,241	1,860,479	-
Total Net OPEB liability	\$ 6,980,773	\$ 3,441,245	\$ 2,770,128	\$ 7,651,890	\$ -
Compensated absences	1,752,669	288,389	175,267	1,865,791	186,579
Total Governmental Activities long-term obligations	\$ 64,342,276	\$ 28,309,726	\$ 23,925,914	\$ 68,726,088	\$ 3,480,689
Short-term obligation transactions:					
Anticipation notes	6,500,000	5,500,000	6,500,000	5,500,000	5,500,000
Total Governmental Activities obligations	\$ 70,842,276	\$ 33,809,726	\$ 30,425,914	\$ 74,226,088	\$ 8,980,689
Reconciliation to Exhibit 1:					
Long-term liabilities due within one year:				\$ 8,980,689	
Long-term liabilities due in more than one year:				65,245,399	
Total long-term obligations				\$ 74,226,088	

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020 are as follows:

Direct Borrowings and Direct Placements								
Year Ending	General Obligation Bonds		Literary Loans		Stormwater Revenue Bonds		Qualified Zone Academy Bonds	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	
2021	\$ 1,412,500	\$ 1,409,127	\$ 50,000	\$ 2,000	\$ 60,000	\$ 88,861	\$ 1,736,671	
2022	1,387,492	1,376,952	50,000	1,000	60,000	87,391	200,000	
2023	1,348,761	1,344,153	-	-	60,000	85,540	1,316,857	
2024	1,233,246	1,313,232	-	-	65,000	83,215	200,000	
2025	1,352,687	1,282,184	-	-	65,000	80,797	215,000	
2026	1,372,208	1,248,449	-	-	70,000	78,286	-	
2027	1,730,755	1,205,272	-	-	70,000	75,682	-	
2028	958,421	1,158,722	-	-	75,000	72,985	-	
2029	1,334,402	1,109,884	-	-	75,000	70,053	-	
2030	1,109,183	1,057,781	-	-	80,000	66,876	-	
2031	676,046	1,019,998	-	-	85,000	63,493	-	
2032	1,398,519	974,552	-	-	85,000	60,008	-	
2033	1,095,578	918,515	-	-	90,000	56,420	-	
2034	1,154,685	867,392	-	-	95,000	52,379	-	
2035	1,973,645	798,074	-	-	100,000	47,869	-	
2036	1,881,380	714,198	-	-	105,000	43,128	-	
2037	1,950,590	630,667	-	-	110,000	38,156	-	
2038	2,041,300	544,873	-	-	115,000	32,953	-	
2039	2,118,760	455,737	-	-	120,000	27,519	-	
2040	2,224,200	363,407	-	-	125,000	21,853	-	
2041	1,841,775	274,458	-	-	130,000	15,956	-	
2042	3,103,275	167,979	-	-	135,000	9,828	-	
2043	2,346,780	50,609	-	-	145,000	3,353	-	
Total	\$ 37,046,188	\$ 20,286,215	\$ 100,000	\$ 3,000	\$ 2,120,000	\$ 1,262,601	\$ 3,668,528	

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations as of June 30, 2020 are as follows:

Primary Government - Governmental Activities:

Original Amount	Description	Outstanding Amount at June 30, 2020
	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%	\$ 259,484
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	3,635,000
1,530,000	Qualified School Construction Bonds issued December 1, 2011, due in various annual installments ranging from \$52,000 to \$122,700 through December 1, 2030 interest free as a federal tax credit is provided to bondholders	1,005,900
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)	1,830,124
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	995,000
10,681,430	Series 2017A general obligation and refunding bonds due in various annual installments through November 2042, interest at 4.172% (\$10,681,430 of original issue allocated to governmental and \$213,570 to business-type)	10,011,430
14,080,000	Series 2017B general obligation and refunding bonds due in various annual installments through November 2042, interest at 5.047% (14,080,000 of original issue allocated to governmental, \$2,230,000 to stormwater, and \$840,000 to Utility)	14,080,000
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)	4,605,250

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2020
	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)	624,000
	Total general obligation bonds	\$ 37,046,188
	State Literary Fund Loans:	
1,000,000	State Literary Fund Loan issued March 15, 2002, due in annual installments of \$50,000 through March 15, 2022 interest at 2%	\$ 100,000
	Total State Literary Fund Loans	\$ 100,000
	Qualified Zone Academy Bonds:	
	(4)	
1,536,671	Series 2004 issued December 30, 2004, due in annual installments of \$78,329 through December 30, 2019, final payment of \$153,667 due December 30, 2020	\$ 1,536,671
	(5)	
1,116,857	Series 2006 issued October 31, 2006, due in annual installments of \$54,300 through October 31, 2022, final payment of \$111,686 due October 31, 2022	1,116,857
2,000,000	Series 2014 issued October 14, 2014, due in various annual installments through December 1, 2024, final payment of \$215,000 due December 1, 2024	1,015,000
	Total Qualified Zone Academy Bonds	\$ 3,668,528

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2020
	Stormwater Revenue Bond:	
\$ 2,230,000	Series 2017B general obligation and refunding bonds due in various annual installments through November 2042, interest at 5.047% (14,080,000 of original issue allocated to governmental, \$2,230,000 to stormwater, and \$840,000 to Utility)	\$ 2,120,000
	Total Stormwater Revenue Bond	\$ 2,120,000
	Other Long-term Obligations:	
	Premium on bonds payable	906,432
	Discount on bonds payable	(238,814)
	Net pension liability	15,606,073
	Net OPEB liability	7,651,890
	Compensated absences	1,865,791
	Total governmental activities long-term obligations	\$ 68,726,088

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

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020:

	<u>July 1, 2019, as restated</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Public Utility Fund:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 7,695,000	\$ -	\$ 205,000	\$ 7,490,000	\$ 215,000
Capital leases	4,246,701	-	253,594	3,993,107	362,780
Premium on bonds issued	564,013	-	24,612	539,401	24,612
Net pension liability	443,352	805,803	563,980	685,175	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 75,260	\$ 5,498	\$ 31,918	\$ 48,840	\$ -
Net GLI OPEB liability	70,274	36,094	24,685	81,683	-
Total Net OPEB liability	\$ 145,534	\$ 41,592	\$ 56,603	\$ 130,523	\$ -
Compensated absences	59,291	8,101	5,929	61,463	6,146
Total Public Utility fund	\$ 13,153,891	\$ 855,496	\$ 1,109,718	\$ 12,899,669	\$ 608,538
Mass Transit Fund:					
Net pension liability	\$ 628,783	\$ 1,142,829	\$ 799,864	\$ 971,748	\$ -
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 106,736	\$ 7,796	\$ 45,267	\$ 69,265	\$ -
Net GLI OPEB liability	99,665	51,191	35,009	115,847	-
Total Net OPEB liability	\$ 206,401	\$ 58,987	\$ 80,276	\$ 185,112	\$ -
Compensated absences	80,526	26,590	8,053	99,063	9,906
Total Mass Transit fund	\$ 915,710	\$ 1,228,406	\$ 888,193	\$ 1,255,923	\$ 9,906
Golf Course Fund:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 3,962,929	\$ 2,840,250	\$ 3,388,983	\$ 3,414,196	\$ 104,522
Premium on bonds payable	-	512,483	24,404	488,079	24,404
Net pension liability	122,744	223,090	156,141	189,693	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 20,836	\$ 1,522	\$ 8,836	\$ 13,522	\$ -
Net GLI OPEB liability	19,456	9,992	6,834	22,614	-
Total Net OPEB liability	\$ 40,292	\$ 11,514	\$ 15,670	\$ 36,136	\$ -
Compensated absences	27,753	11,958	2,775	36,936	3,694
Total Golf Course fund	\$ 4,153,718	\$ 3,599,295	\$ 3,587,973	\$ 4,165,040	\$ 132,620
Total Business-type Activities	\$ 18,223,319	\$ 5,683,197	\$ 5,585,884	\$ 18,320,632	\$ 751,064

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Details of long-term obligations transactions as of June 30, 2020:

Original Amount	Description	Outstanding Amount at June 30, 2020
	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%	\$ 6,690,000
840,000	Series 2017B general obligation and refunding bonds due in various annual installments through November 2042, interest at 5.047% (14,080,000 of original issue allocated to governmental, \$2,230,000 to stormwater, and \$840,000 to Utility)	800,000
	Total general obligation bonds	\$ 7,490,000
	Capital Leases	3,993,107
	Bond premium	539,401
	Net pension liability	685,175
	Net OPEB liability	130,523
	Compensated absences	61,463
	Total Public Utility Fund	\$ 12,899,669
	Mass Transit Fund:	
	Net pension liability	\$ 971,748
	Net OPEB liability	185,112
	Compensated absences	99,063
	Total Mass Transit Fund	\$ 1,255,923
	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)	\$ 384,876
213,570	Series 2017A general obligation and refunding bonds due in various annual installments through November 2042, interest at 4.172% (\$10,681,430 of original issue allocated to governmental and \$213,570 to business-type)	213,570
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)	2,479,750
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)	336,000
	Total general obligation bonds	\$ 3,414,196
	Premium on bonds payable	488,079
	Net pension liability	189,693
	Net OPEB liability	36,136
	Compensated absences	36,936
	Total Golf Course Fund	\$ 4,165,040
	Total business-type activities	\$ 18,320,632

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize business-type activities obligations outstanding as of June 30, 2020 are as follows:

Year Ending June 30,	Direct Borrowings and Direct Placements				Capital Leases	
	General Obligation Bonds				Public Utility Fund	
	Public Utility Fund		Golf Course Fund		Public Utility Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 215,000	\$ 327,218	\$ 104,522	\$ 152,722	\$ 362,780	\$ 130,147
2022	230,000	316,417	110,101	147,295	375,309	117,618
2023	240,000	304,883	116,220	141,495	388,270	104,657
2024	250,000	292,678	122,811	135,382	401,679	91,248
2025	260,000	279,961	128,521	128,998	415,550	77,376
2026	275,000	266,603	136,328	122,339	429,902	63,025
2027	290,000	252,475	145,200	115,177	444,748	48,179
2028	305,000	240,365	153,209	107,684	460,107	32,820
2029	315,000	227,592	163,103	99,848	473,338	16,949
2030	330,000	214,128	167,993	91,446	241,424	2,400
2031	340,000	202,679	178,620	82,972	-	-
2032	355,000	190,541	187,372	74,467	-	-
2033	370,000	175,502	194,624	65,669	-	-
2034	380,000	159,572	210,579	56,494	-	-
2035	395,000	143,066	185,613	47,588	-	-
2036	420,000	123,712	193,890	39,204	-	-
2037	440,000	103,312	199,680	30,689	-	-
2038	460,000	81,993	208,970	22,434	-	-
2039	485,000	59,459	216,645	14,338	-	-
2040	505,000	37,290	226,138	6,458	-	-
2041	525,000	15,809	24,975	2,402	-	-
2042	50,000	3,700	27,472	1,466	-	-
2043	55,000	1,272	11,610	435	-	-
Total	\$ 7,490,000	\$ 4,020,227	\$ 3,414,196	\$ 1,687,002	\$ 3,993,107	\$ 684,419

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Capital Leases:			
\$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.	\$ -	\$ 3,993,107	\$ 3,993,107
Total capital leases	<u>\$ -</u>	<u>\$ 3,993,107</u>	<u>\$ 3,993,107</u>
Total equipment cost of assets acquired through capital lease	\$ -	\$ 6,310,244	\$ 6,310,244
Total accumulated depreciation on assets acquired through capital lease	-	(1,243,466)	(1,243,466)
Net remaining book value	<u>\$ -</u>	<u>\$ 5,066,778</u>	<u>\$ 5,066,778</u>

	<u>Date Issued</u>	<u>Balance July 1, 2019</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2020</u>
Tax revenue anticipation note	10/11/2018	\$ 6,500,000	\$ 5,500,000	\$ 6,500,000	\$ 5,500,000
		<u>\$ 6,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ 6,500,000</u>	<u>\$ 5,500,000</u>

Revenue anticipation notes were used to provide funds to aid the City in cash flow requirements.

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 \$7,695,000 in the Public Utility Fund are secured by the full faith and credit of the City are expected to be paid from water utility fund service revenues and general obligation bonds payable totaling \$3,749,359 are expected to be paid from the operating revenues of the Golf Course.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 8—Unearned/Deferred/Unavailable Revenue:

The following is a summary of unearned/deferred/unavailable revenue for the year ended June 30, 2020:

Description	Governmental Funds			
	Unavailable General Fund	Unearned Federal and State Projects Fund	Total Governmental Funds	Deferred Governmental Activities
Prepaid property taxes	\$ 34,262	\$ -	\$ 34,262	\$ 34,262
Local delinquent real and personal property taxes	9,694,135	-	9,694,135	-
	<u>\$ 9,728,397</u>	<u>\$ -</u>	<u>\$ 9,728,397</u>	<u>\$ 34,262</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, 2020	Remaining Commitment
Walnut Boulevard Drainage Improvements	\$ 153,000	\$ 133,000	\$ 20,000
Total	<u>\$ 153,000</u>	<u>\$ 133,000</u>	<u>\$ 20,000</u>

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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Risk Management: (Continued)

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, 2020, the City had the following matters of Litigation that have been settled or still pending:

Lawsuit against the City for breach of contract in the amount of \$77,500 plus a claim of defamation seeking compensatory damages in the amount of \$1,500,000 plus \$500,000 in punitive damages in relation to termination of prior employee. 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.

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 hired 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.

Note 12—Pension Plan: (Continued)

Benefit Structures: (Continued)

- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 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 hired 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.

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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2018 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	790
Inactive members:	
Vested inactive members	171
Non-vested inactive members	173
Inactive members active elsewhere in VRS	524
Total inactive members	<u>868</u>
Active members	<u>543</u>
Total covered employees	<u><u>2,201</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, 2020 was 12.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$3,098,568 and \$2,912,650 for the years ended June 30, 2020 and June 30, 2019, respectively.

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, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Pension Plan: (Continued)

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, 2018, 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, 2019.

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*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7% to 6.75%

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, 2019, 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, 2019.

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*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7% to 6.75%

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.750%. 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, 2019, 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, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Pension Plan: (Continued)

Discount Rate: (Continued)

30, 2019, 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, 2019 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, 2018	\$ 168,649,972	\$ 157,356,975	\$ 11,292,997
Changes for the year:			
Service cost	\$ 2,681,204	\$ -	\$ 2,681,204
Interest	11,405,702	-	11,405,702
Changes of assumptions	4,662,678	-	4,662,678
Differences between expected and actual experience	1,663,207	-	1,663,207
Contributions - employer	-	2,961,589	(2,961,589)
Contributions - employee	-	1,212,375	(1,212,375)
Net investment income	-	10,191,653	(10,191,653)
Benefit payments, including refunds of employee contributions	(11,422,751)	(11,422,751)	-
Administrative expenses	-	(106,124)	106,124
Other changes	-	(6,395)	6,395
Net changes	\$ 8,990,040	\$ 2,830,347	\$ 6,159,693
Balances at June 30, 2019	\$ 177,640,012	\$ 160,187,322	\$ 17,452,690

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	38,668,208	17,452,690	487,688

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020, the City recognized pension expense of \$3,214,229. At June 30, 2020, 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	\$ 805,884	\$ -
Change in assumptions	2,259,236	-
Change in proportionate share	62,497	62,497
Net difference between projected and actual earnings on pension plan investments	-	1,335,744
Employer contributions subsequent to the measurement date	<u>3,098,568</u>	<u>-</u>
Total	<u>\$ 6,226,185</u>	<u>\$ 1,398,241</u>

\$3,098,568 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, 2021. 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>	
2021	\$ 3,108,806
2022	(1,474,048)
2023	(18,519)
2024	113,137
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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, 2020 (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:

There were no expenditures in excess of appropriations.

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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Plan Membership

At July 1, 2019, (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	436
Total retirees with coverage		<u>22</u>
Total	\$	<u><u>458</u></u>

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, 2019. 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, 2019 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	3.13%

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 3.62% 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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Changes in Net/Total OPEB Liability

Changes in Net OPEB Liability - City	
	Primary Government Total OPEB Liability
Balances at June 30, 2018	\$ 1,917,000
Changes for the year:	
Service cost	68,000
Interest	72,000
Difference between expected and actual experience	(661,000)
Changes in assumptions	(152,000)
Contributions - employer	-
Net changes	(673,000)
Balances at June 30, 2019	\$ 1,244,000

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 (2.13%) or one percentage point higher (4.13%) than the current discount rate:

Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 1,358,000	\$ 1,244,000	\$ 1,143,000

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 (6.00% decreasing to an ultimate rate of 4%) or one percentage point higher (8.50% decreasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (9.03% decreasing to 4.00%)	Healthcare Cost Trend (10.03% decreasing to 5.00%)	1% Increase (11.03% decreasing to 6.00%)
\$ 1,124,000	\$ 1,244,000	\$ 1,388,000

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

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

For the year ended June 30, 2020, the City recognized OPEB expense of (\$16,000). At June 30, 2020, 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	\$ -	\$ 638,000
Changes in assumptions	23,000	125,000
Total	<u>\$ 23,000</u>	<u>\$ 763,000</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.

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

Year Ended June 30	
2021	\$ (163,000)
2022	(163,000)
2023	(163,000)
2024	(164,000)
2025	(87,000)
Thereafter	-

Note 15—Other Postemployment Benefits: (Continued)

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.

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, safety belt 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 \$8,463 as of June 30, 2020.

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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Contributions: (Continued)

the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 GLI Plan from the entity were \$140,180 and \$130,338 for the years ended June 30, 2020 and June 30, 2019, respectively.

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, 2020, the entity reported a liability of \$2,080,623 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.12786% as compared to 0.11784% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$19,392. 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, 2020, 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	\$ 138,374	\$ 26,986
Net difference between projected and actual earnings on GLI OPEB program investments	-	42,738
Change in assumptions	131,358	62,740
Changes in proportion	179,268	221,730
Employer contributions subsequent to the measurement date	140,180	-
Total	<u>\$ 589,180</u>	<u>\$ 354,194</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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)

\$140,180 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, 2021. 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>	
2021	\$ (21,327)
2022	(21,326)
2023	(3,225)
2024	48,645
2025	71,846
Thereafter	20,193

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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 - General Employees: (Continued)

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7% to 6.75%

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, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Plan
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
Employers' Net GLI OPEB Liability (Asset)	\$	1,627,266
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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, 2020 (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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

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 member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, 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, 2019 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.

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	2,733,362	2,080,623	1,551,269

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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, 2020 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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.

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

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities and 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 Line of Duty Act Program (LODA). 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. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, 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. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

Note 15—Other Postemployment Benefits: (Continued)

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

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, 2020 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 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 \$165,503 and \$175,031 for the years ended June 30, 2020 and June 30, 2019, respectively.

June 30, 2020, the entity reported a liability of \$4,679,038 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2019 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2019, the entity's proportion was 1.30413% as compared to 1.16919% at June 30, 2018.

For the year ended June 30, 2020, the entity recognized LODA OPEB expense of \$375,031. 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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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

Contributions: (Continued)

At June 30, 2020, 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	\$ 680,094	\$ -
Net difference between projected and actual earnings on LODA OPEB plan investments	-	9,263
Change in assumptions	219,545	405,619
Change in proportion	366,275	364,338
Employer contributions subsequent to the measurement date	<u>165,503</u>	<u>-</u>
Total	<u>\$ 1,431,417</u>	<u>\$ 779,220</u>

\$165,503 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, 2021. 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>	
2021	\$ 48,277
2022	48,295
2023	49,727
2024	51,253
2025	51,704
Thereafter	237,438

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.25%-4.75%
Ages 65 and older	5.50%-4.75%
Year of ultimate trend rate	
Post-65	Fiscal year ended 2023
Pre-65	Fiscal year ended 2028
Investment rate of return	3.50%, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.50%. However, since the difference was minimal, a more conservative 3.50% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 3.89% to 3.50%

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, 2019, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	LODA Plan
Total LODA OPEB Liability	\$ 361,626
Plan Fiduciary Net Position	2,839
LODA Net OPEB Liability (Asset)	<u>\$ 358,787</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.79%

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 3.50% 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 3.50% 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, 2019.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.50%. 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, 2019, 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, 2020 (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 3.50%, 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 (2.50%) or one percentage point higher (4.50%) than the current rate:

	Discount Rate		
	1% Decrease (2.50%)	Current (3.50%)	1% Increase (4.50%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 5,428,018	\$ 4,679,038	\$ 4,086,643

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 7.75% 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 (6.75% decreasing to 3.75%) or one percentage point higher (8.75% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.75% decreasing to 3.75%)	Current (7.75% decreasing to 4.75%)	1% Increase (8.75% decreasing to 5.75%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 3,956,081	\$ 4,679,038	\$ 5,590,763

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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, 2020 (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	\$ 589,180	\$ 354,194	\$ 2,080,623	\$ 19,392
Line of Duty Act Program	1,431,417	779,220	4,679,038	375,031
County Stand-Alone Plan	23,000	763,000	1,244,000	(16,000)
Totals	<u>\$ 2,043,597</u>	<u>\$ 1,896,414</u>	<u>\$ 8,003,661</u>	<u>\$ 378,423</u>

Note 16—Restatement of Beginning Fund Balance/Net Position

Beginning Fund Balance/Net Position at June 30, 2020 was restated as follows:

	Governmental Activities	Golf Course Fund	Business-type Activities
Fund Balance/Net position, as previously reported	\$ 29,800,695	\$ (1,760,982)	\$ 32,856,988
Adjustment for:			
Golf Course portion of 2017 bonds	\$ 213,570	\$ (213,570)	\$ (213,570)
Total adjustments	<u>\$ 213,570</u>	<u>\$ (213,570)</u>	<u>\$ (213,570)</u>
Fund Balance/Net position, as restated	<u>\$ 30,014,265</u>	<u>\$ (1,974,552)</u>	<u>\$ 32,643,418</u>

Note 17—Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

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, 2020 (Continued)

Note 18—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, 2020:

Investment	6/30/2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Securities	\$ 2,757,106	\$ 2,757,106	\$ -	\$ -
Total	\$ 2,757,106	\$ 2,757,106	\$ -	\$ -

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- General Fund
 Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 33,111,379	\$ 33,111,379	\$ 34,396,701	\$ 1,285,322
Other local taxes	14,769,180	14,769,180	14,276,165	(493,015)
Permits, privilege fees and regulatory licenses	313,750	313,750	346,167	32,417
Fines and forfeitures	932,381	932,381	643,894	(288,487)
Revenue from use of money and property	725,081	725,081	406,397	(318,684)
Charges for services	3,375,328	3,375,328	2,500,667	(874,661)
Miscellaneous	919,040	919,040	1,128,671	209,631
Recovered costs	163,361	163,361	262,251	98,890
Intergovernmental:				
Commonwealth	16,829,996	16,829,996	15,158,444	(1,671,552)
Federal	4,981,258	5,133,027	4,840,785	(292,242)
Total revenues	\$ 76,120,754	\$ 76,272,523	\$ 73,960,142	\$ (2,312,381)
Expenditures:				
Current:				
General government administration	\$ 7,806,588	\$ 7,806,588	\$ 8,505,637	\$ (699,049)
Judicial administration	3,987,219	3,987,219	3,628,426	358,793
Public safety	23,754,201	23,725,550	21,603,996	2,121,554
Public works	4,597,914	4,749,683	4,596,979	152,704
Health and welfare	16,412,961	16,412,961	14,473,444	1,939,517
Education	10,005,350	10,005,350	8,898,561	1,106,789
Parks, recreation, and cultural	2,184,375	2,184,375	1,859,623	324,752
Community development	892,239	920,890	654,987	265,903
Debt service:				
Principal retirement	2,041,573	2,041,573	1,898,305	143,268
Interest and other fiscal charges	1,562,635	1,562,635	1,514,099	48,536
Bond issuance costs	250,000	250,000	192,509	57,491
Nondepartmental	1,259,105	1,259,105	234,946	1,024,159
Total expenditures	\$ 74,754,160	\$ 74,905,929	\$ 68,061,512	\$ 6,844,417
Excess (deficiency) of revenues over (under) expenditures	\$ 1,366,594	\$ 1,366,594	\$ 5,898,630	\$ 4,532,036
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 38,139	\$ 38,139
Transfers (out)	(1,366,594)	(1,366,594)	(1,574,138)	(207,544)
Total other financing sources (uses)	\$ (1,366,594)	\$ (1,366,594)	\$ (1,535,999)	\$ (169,405)
Changes in fund balance	\$ -	\$ -	\$ 4,362,631	\$ 4,362,631
Fund balances at beginning of year	-	-	19,050,207	19,050,207
Fund balances at end of year	\$ -	\$ -	\$ 23,412,838	\$ 23,412,838

CITY OF PETERSBURG, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios - Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017
Total pension liability			
Service cost	\$ 2,681,204	\$ 2,353,140	\$ 3,055,598
Interest	11,405,702	11,566,814	11,546,346
Changes of assumptions	4,662,678	-	1,186,745
Difference between expected and actual experience	1,663,207	(5,239,864)	(5,065,312)
Benefit payments, including refunds of employee contributions	(11,422,751)	(10,540,638)	(10,321,304)
Net change in total pension liability	\$ 8,990,040	\$ (1,860,548)	\$ 402,073
Total pension liability - beginning	168,649,972	170,510,520	170,108,447
Total pension liability - ending (a)	\$ 177,640,012	\$ 168,649,972	\$ 170,510,520
Plan fiduciary net position			
Contributions - employer	\$ 2,961,589	\$ 2,606,309	\$ 2,460,903
Contributions - employee	1,212,375	1,090,142	1,028,699
Net investment income	10,191,653	11,137,059	17,049,569
Benefit payments, including refunds of employee contributions	(11,422,751)	(10,540,638)	(10,321,304)
Administrative expense	(106,124)	(99,753)	(103,173)
Other	(6,395)	(9,767)	(14,969)
Net change in plan fiduciary net position	\$ 2,830,347	\$ 4,183,352	\$ 10,099,725
Plan fiduciary net position - beginning	157,356,975	153,173,623	143,073,898
Plan fiduciary net position - ending (b)	\$ 160,187,322	\$ 157,356,975	\$ 153,173,623
Political subdivision's net pension liability - ending (a) - (b)	\$ 17,452,690	\$ 11,292,997	\$ 17,336,897
Plan fiduciary net position as a percentage of the total pension liability	90.18%	93.30%	89.83%
Covered payroll	\$ 24,955,928	\$ 22,168,909	\$ 19,745,912
Political subdivision's net pension liability as a percentage of covered payroll	69.93%	50.94%	87.80%

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.

Exhibit 12

2016		2015	2014		
\$	3,036,014	\$ 3,356,539	\$	3,390,570	
	11,539,850	11,204,390		10,849,513	
	-	-		-	
	(4,369,974)	(209,785)		-	
	(9,904,881)	(9,212,842)		(9,127,979)	
\$	301,009	\$ 5,138,302	\$	5,112,104	
	169,807,438	164,669,136		159,557,032	
\$	170,108,447	\$ 169,807,438	\$	164,669,136	
\$	3,709,379	\$ 4,137,457	\$	3,913,309	
	1,210,165	1,351,478		1,353,263	
	2,433,881	6,468,611		19,817,721	
	(9,904,881)	(9,212,842)		(9,127,979)	
	(92,264)	(90,934)		(108,941)	
	(1,051)	(1,359)		1,045	
\$	(2,644,771)	\$ 2,652,411	\$	15,848,418	
	145,718,669	143,066,258		127,217,840	
\$	143,073,898	\$ 145,718,669	\$	143,066,258	
\$	27,034,549	\$ 24,088,769	\$	21,602,878	
	84.11%	85.81%		86.88%	
\$	24,318,079	\$ 26,986,626	\$	26,328,270	
	111.17%	89.26%		82.05%	

Schedule of Employer Contributions - Pension Plans
 Years Ended June 30, 2011 through June 30, 2020

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)
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%
2013	3,853,122	3,853,122	-	25,912,053	14.87%
2012	2,349,174	2,349,174	-	24,938,155	9.42%
2011	2,339,884	2,339,884	-	24,839,537	9.42%

Current year contributions are from City of Petersburg's records and prior year contributions are from the VRS actuarial valuation performed each year.

Notes to Required Supplementary Information - Pension Plans
Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of July 1, 2017 through July 1, 2019

	2019	2018	2017
Total OPEB liability			
Service cost	\$ 68,000	\$ 77,000	\$ 75,000
Interest	72,000	72,000	70,000
Differences between expected and actual experience	(661,000)	(142,000)	-
Changes in assumptions	(152,000)	35,000	-
Contributions	-	(116,000)	(112,000)
Net change in total OPEB liability	\$ (673,000)	\$ (74,000)	\$ 33,000
Total OPEB liability - beginning	1,917,000	1,991,000	1,958,000
Total OPEB liability - ending	<u>\$ 1,244,000</u>	<u>\$ 1,917,000</u>	<u>\$ 1,991,000</u>
 Covered-employee payroll	 \$ 21,947,000	 \$ 19,792,000	 \$ 19,792,000
 City's total OPEB liability (asset) as a percentage of covered-employee payroll	 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, 2020

Valuation Date: 7/1/2019
Measurement Date: 7/1/2019

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	3.13%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at (10.03%) in 2020 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-2018

Schedule of City's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

Measurement Dates Ending June 30, 2017 through June 30, 2019

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)
2019	0.1279%	\$ 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, 2011 through June 30, 2020

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)
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%
2013	137,971	137,971	-	26,032,307	0.53%
2012	109,728	109,728	-	24,938,156	0.44%
2011	109,294	109,294	-	24,839,537	0.44%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7% to 6.75%

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, 2019

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)
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. Since 2018 is the first year for this presentation, only one year of data is 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, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
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, 2020

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, 2018 valuation were based on results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds
Combining Balance Sheet
At June 30, 2020

	Special Revenue Funds			Permanent Funds			
	Federal and State Projects Fund	Community Development Act Fund	Stormwater Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	Total
ASSETS							
Cash and cash equivalents	\$ 6,977,534	\$ 578,691	\$ 2,601,399	\$ 250,071	\$ -	\$ -	\$ 10,407,695
Restricted cash	-	-	-	2,010,053	8,546	2,000	2,020,599
Receivables (Net of allowance for uncollectibles) Accounts	-	-	424,249	-	-	-	424,249
Due from other funds	-	19,879	94,136	-	-	-	114,015
Due from other governments	88,254	-	-	-	-	-	88,254
Total assets	<u>\$ 7,065,788</u>	<u>\$ 598,570</u>	<u>\$ 3,119,784</u>	<u>\$ 2,260,124</u>	<u>\$ 8,546</u>	<u>\$ 2,000</u>	<u>\$ 13,054,812</u>
LIABILITIES							
Accounts payable	\$ 1,239,259	\$ 86,075	\$ 23,181	\$ -	\$ -	\$ -	\$ 1,348,515
Accrued salaries payable	66,436	952	5,839	-	-	-	73,227
Unearned revenue	1,556,874	-	-	-	-	-	1,556,874
Due to other funds	41,398	-	-	250,071	-	-	291,469
Total liabilities	<u>\$ 2,903,967</u>	<u>\$ 87,027</u>	<u>\$ 29,020</u>	<u>\$ 250,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,270,085</u>
FUND BALANCES							
Nonspendable:							
Cemetery Perpetual care	\$ -	\$ -	\$ -	\$ 2,010,053	\$ -	\$ -	\$ 2,010,053
McKenney scholarships	-	-	-	-	8,546	-	8,546
Library	-	-	-	-	-	2,000	2,000
Restricted:							
Grants	4,161,821	511,543	-	-	-	-	4,673,364
Committed:							
Stormwater	-	-	3,090,764	-	-	-	3,090,764
Total fund balances	<u>\$ 4,161,821</u>	<u>\$ 511,543</u>	<u>\$ 3,090,764</u>	<u>\$ 2,010,053</u>	<u>\$ 8,546</u>	<u>\$ 2,000</u>	<u>\$ 9,784,727</u>
Total liabilities and fund balances	<u>\$ 7,065,788</u>	<u>\$ 598,570</u>	<u>\$ 3,119,784</u>	<u>\$ 2,260,124</u>	<u>\$ 8,546</u>	<u>\$ 2,000</u>	<u>\$ 13,054,812</u>

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2020

	Special Revenue Funds			Permanent Funds			
	Federal and State Projects Fund	Community Development Act Fund	Stormwater Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	Total
Revenues:							
Revenue from use of money and property	\$ 38	\$ -	\$ 24	\$ 12,829	\$ 3	\$ -	\$ 12,894
Charges for services	-	-	968,500	35,475	-	-	1,003,975
Miscellaneous	104,987	7,559	-	-	-	-	112,546
Recovered costs	20,178	-	-	-	-	-	20,178
Intergovernmental:							
Commonwealth	9,031,824	-	-	-	-	-	9,031,824
Federal	2,806,578	486,924	-	-	-	-	3,293,502
Total revenues	\$ 11,963,605	\$ 494,483	\$ 968,524	\$ 48,304	\$ 3	\$ -	\$ 13,474,919
Expenditures:							
Judicial administration	\$ 300,383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,383
Public safety	1,636,931	-	-	-	-	-	1,636,931
Public works	4,768,988	-	507,442	-	-	-	5,276,430
Health and welfare	1,291,509	-	-	-	-	-	1,291,509
Parks, recreation and cultural	102,873	-	-	-	-	-	102,873
Community development	2,370	572,332	-	-	-	-	574,702
Debt service:							
Principal retirement	-	-	55,000	-	-	-	55,000
Interest and other fiscal charges	-	-	90,270	-	-	-	90,270
Total expenditures	\$ 8,103,054	\$ 572,332	\$ 652,712	\$ -	\$ -	\$ -	\$ 9,328,098
Excess (deficiency) of revenues over (under) expenditures	\$ 3,860,551	\$ (77,849)	\$ 315,812	\$ 48,304	\$ 3	\$ -	\$ 4,146,821
Other financing sources (uses):							
Transfers in	\$ 48,640	\$ -	\$ 145,270	\$ -	\$ -	\$ -	\$ 193,910
Total other financing sources (uses)	\$ 48,640	\$ -	\$ 145,270	\$ -	\$ -	\$ -	\$ 193,910
Changes in fund balances	\$ 3,909,191	\$ (77,849)	\$ 461,082	\$ 48,304	\$ 3	\$ -	\$ 4,340,731
Fund balances at beginning of year	252,630	589,392	2,629,682	1,961,749	8,543	2,000	5,443,996
Fund balances at end of year	\$ 4,161,821	\$ 511,543	\$ 3,090,764	\$ 2,010,053	\$ 8,546	\$ 2,000	\$ 9,784,727

CITY OF PETERSBURG, VIRGINIA

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Special Revenue Funds

Year Ended June 30, 2020

	Federal and State Projects Fund			
	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 38	\$ 38
Charges for services	-	22,000	-	(22,000)
Miscellaneous	52,686	82,686	104,987	22,301
Recovered costs	38,000	38,000	20,178	(17,822)
Intergovernmental:				
Commonwealth	6,375,347	6,555,595	9,031,824	2,476,229
Federal	220,589	3,054,096	2,806,578	(247,518)
Total revenues	\$ 6,686,622	\$ 9,752,377	\$ 11,963,605	\$ 2,211,228
Expenditures:				
Current:				
Judicial administration	\$ 294,118	\$ 316,118	\$ 300,383	\$ 15,735
Public safety	409,445	3,417,204	1,636,931	1,780,273
Public works	5,981,699	5,987,695	4,768,988	1,218,707
Health and welfare	-	-	1,291,509	(1,291,509)
Parks, recreation and cultural	-	80,000	102,873	(22,873)
Community development	-	-	2,370	(2,370)
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Bond issuance cost	-	-	-	-
Total expenditures	\$ 6,685,262	\$ 9,801,017	\$ 8,103,054	\$ 1,697,963
Excess (deficiency) of revenues over (under) expenditures	\$ 1,360	\$ (48,640)	\$ 3,860,551	\$ 3,909,191
Other financing sources (uses):				
Transfers in	\$ 48,640	\$ 48,640	\$ 48,640	\$ -
Total other financing sources (uses)	\$ 48,640	\$ 48,640	\$ 48,640	\$ -
Changes in fund balances	\$ 50,000	\$ -	\$ 3,909,191	\$ 3,909,191
Fund balance at beginning of the year	(50,000)	-	252,630	252,630
Fund balance at end of the year	\$ -	\$ -	\$ 4,161,821	\$ 4,161,821

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24	\$ 24
-	-	-	-	1,460,249	1,460,249	968,500	(491,749)
-	-	7,559	7,559	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
805,000	1,763,040	486,924	(1,276,116)	-	-	-	-
<u>\$ 805,000</u>	<u>\$ 1,763,040</u>	<u>\$ 494,483</u>	<u>\$ (1,268,557)</u>	<u>\$ 1,460,249</u>	<u>\$ 1,460,249</u>	<u>\$ 968,524</u>	<u>\$ (491,725)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	1,812,479	1,812,479	507,442	1,305,037
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
805,000	1,763,040	572,332	1,190,708	-	-	-	-
-	-	-	-	57,500	57,500	55,000	2,500
-	-	-	-	90,270	90,270	90,270	-
-	-	-	-	-	-	-	-
<u>\$ 805,000</u>	<u>\$ 1,763,040</u>	<u>\$ 572,332</u>	<u>\$ 1,190,708</u>	<u>\$ 1,960,249</u>	<u>\$ 1,960,249</u>	<u>\$ 652,712</u>	<u>\$ 1,307,537</u>
\$ -	\$ -	\$ (77,849)	\$ (77,849)	\$ (500,000)	\$ (500,000)	\$ 315,812	\$ 815,812
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,270	\$ 145,270
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,270	\$ 145,270
\$ -	\$ -	\$ (77,849)	\$ (77,849)	\$ (500,000)	\$ (500,000)	\$ 461,082	\$ 961,082
-	-	589,392	589,392	500,000	500,000	2,629,682	2,129,682
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 511,543</u>	<u>\$ 511,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,090,764</u>	<u>\$ 3,090,764</u>

Combining Statement of Fiduciary Net Position - Agency Funds
At June 30, 2020

	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Drug Seizure</u>	<u>Industrial Development Authority</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 65,495	\$ 63,705	\$ 99,229	\$ -	\$ 228,429
Land held for resale	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>2,500,000</u>
Total assets	<u>\$ 65,495</u>	<u>\$ 63,705</u>	<u>\$ 99,229</u>	<u>\$ 2,500,000</u>	<u>\$ 2,728,429</u>
LIABILITIES					
Amounts held for others	<u>\$ 65,495</u>	<u>\$ 63,705</u>	<u>\$ 99,229</u>	<u>\$ 2,500,000</u>	<u>\$ 2,728,429</u>
Total liabilities	<u>\$ 65,495</u>	<u>\$ 63,705</u>	<u>\$ 99,229</u>	<u>\$ 2,500,000</u>	<u>\$ 2,728,429</u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2020

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 65,495	\$ -	\$ -	\$ 65,495
Total assets	<u>\$ 65,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,495</u>
Liabilities:				
Amounts held for others	\$ 65,495	\$ -	\$ -	\$ 65,495
Total liabilities	<u>\$ 65,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,495</u>
Jail Inmate Fund:				
Assets:				
Cash and cash equivalents	\$ 63,705	\$ -	\$ -	\$ 63,705
Total assets	<u>\$ 63,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,705</u>
Liabilities:				
Amounts held for others	\$ 63,705	\$ -	\$ -	\$ 63,705
Total liabilities	<u>\$ 63,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,705</u>
Industrial Development Authority:				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Land held for resale	2,500,000	-	-	2,500,000
Total assets	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,500,000</u>
Liabilities:				
Amounts held for others	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
Note payable	-	-	-	-
Total liabilities	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,500,000</u>
Drug Seizure Fund:				
Assets:				
Cash and cash equivalents	\$ 120,647	\$ 53,172	\$ 74,590	\$ 99,229
Total assets	<u>\$ 120,647</u>	<u>\$ 53,172</u>	<u>\$ 74,590</u>	<u>\$ 99,229</u>
Liabilities:				
Amounts held for others	\$ 120,647	\$ 53,172	\$ 74,590	\$ 99,229
Total liabilities	<u>\$ 120,647</u>	<u>\$ 53,172</u>	<u>\$ 74,590</u>	<u>\$ 99,229</u>
Total -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 249,847	\$ 53,172	\$ 74,590	\$ 228,429
Land held for resale	2,500,000	-	-	2,500,000
Total assets	<u>\$ 2,749,847</u>	<u>\$ 53,172</u>	<u>\$ 74,590</u>	<u>\$ 2,728,429</u>
Liabilities:				
Amounts held for others	\$ 2,749,847	\$ 53,172	\$ 74,590	\$ 2,728,429
Total liabilities	<u>\$ 2,749,847</u>	<u>\$ 53,172</u>	<u>\$ 74,590</u>	<u>\$ 2,728,429</u>

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Supporting Schedules

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Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2020

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	\$ 23,438,872	\$ 23,438,872	\$ 22,669,959	\$ (768,913)
Real and personal public service corporation property taxes	2,080,000	2,080,000	3,541,759	1,461,759
Personal property taxes	4,850,000	4,850,000	5,303,330	453,330
Mobile home taxes	15,000	15,000	15,636	636
Machinery and tools taxes	1,577,507	1,577,507	2,043,493	465,986
Penalties	600,000	600,000	318,504	(281,496)
Interest	550,000	550,000	504,020	(45,980)
Total general property taxes	\$ 33,111,379	\$ 33,111,379	\$ 34,396,701	\$ 1,285,322
Other local taxes:				
Local sales and use taxes	\$ 3,850,000	\$ 3,850,000	\$ 4,235,470	\$ 385,470
Consumer utility taxes	1,810,200	1,810,200	1,975,148	164,948
Business license taxes	3,050,000	3,050,000	2,448,809	(601,191)
Bank stock taxes	200,000	200,000	202,288	2,288
Motor vehicle licenses	492,000	492,000	634,750	142,750
Taxes on recordation and wills	204,980	204,980	378,994	174,014
Cigarette taxes	1,100,000	1,100,000	852,427	(247,573)
Admission and amusement taxes	12,000	12,000	9,919	(2,081)
Lodging taxes	550,000	550,000	550,594	594
Meals taxes	3,500,000	3,500,000	2,987,766	(512,234)
Total other local taxes	\$ 14,769,180	\$ 14,769,180	\$ 14,276,165	\$ (493,015)
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 2,700	\$ 2,700	\$ 745	\$ (1,955)
Other permits and licenses	311,050	311,050	345,422	34,372
Total permits, privilege fees and regulatory licenses	\$ 313,750	\$ 313,750	\$ 346,167	\$ 32,417
Fines and Forfeitures:				
Court fines and forfeitures	\$ 577,381	\$ 577,381	\$ 370,039	\$ (207,342)
Other fines and forfeitures	355,000	355,000	273,855	(81,145)
Total fines and forfeitures	\$ 932,381	\$ 932,381	\$ 643,894	\$ (288,487)
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 81,781	\$ 81,781
Revenue from use of property	725,081	725,081	324,616	(400,465)
Total revenue from use of money and property	\$ 725,081	\$ 725,081	\$ 406,397	\$ (318,684)

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2020 (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	\$ 200,000	\$ 200,000	\$ 88,289	\$ (111,711)
Court costs	253,130	253,130	182,127	(71,003)
Commonwealth attorney fees	5,600	5,600	3,991	(1,609)
Sheriff fees	66,150	66,150	117,708	51,558
Fire protection services	500	500	-	(500)
Other protection	3,000	3,000	3,174	174
Sanitation and waste removal	2,635,000	2,635,000	1,756,852	(878,148)
Recreation fees	13,400	13,400	30,607	17,207
Tourism charges	14,000	14,000	500	(13,500)
Treasurer's fees	27,112	27,112	196,517	169,405
Other services rendered	119,436	119,436	104,064	(15,372)
Library fees	38,000	38,000	16,838	(21,162)
Total charges for services	\$ 3,375,328	\$ 3,375,328	\$ 2,500,667	\$ (874,661)
Miscellaneous:				
Payment in lieu of tax	\$ 850,000	\$ 850,000	\$ 878,933	\$ 28,933
Other miscellaneous revenue	69,040	69,040	249,738	180,698
Total miscellaneous	\$ 919,040	\$ 919,040	\$ 1,128,671	\$ 209,631
Recovered costs:				
Recoveries and rebates	\$ 83,000	\$ 83,000	\$ 192,249	\$ 109,249
Gasoline and other items	80,361	80,361	70,002	(10,359)
Total recovered costs	\$ 163,361	\$ 163,361	\$ 262,251	\$ 98,890
Total revenue from local sources	\$ 54,309,500	\$ 54,309,500	\$ 53,960,913	\$ (348,587)
Intergovernmental:				
Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ -	\$ -	\$ 1,506	\$ 1,506
Tax on deeds	65,000	65,000	71,100	6,100
Rolling stock tax	75,000	75,000	72,267	(2,733)
Auto rental tax	100,000	100,000	98,929	(1,071)
Communications tax	1,783,847	1,783,847	1,524,185	(259,662)
ABC profits	705	705	19,897	19,192
PPTRA	2,726,040	2,726,040	2,726,040	-
Total noncategorical aid	\$ 4,750,592	\$ 4,750,592	\$ 4,513,924	\$ (236,668)

Governmental Funds

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2020 (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	\$ 822,898	\$ 822,898	\$ 781,749	\$ (41,149)
Sheriff	655,468	655,468	644,163	(11,305)
Commissioner of the Revenue	156,249	156,249	146,360	(9,889)
Treasurer	111,749	111,749	97,696	(14,053)
Registrar/electoral board	40,000	40,000	68,017	28,017
Clerk of the Circuit Court	355,345	355,345	332,454	(22,891)
Total shared expenses	\$ 2,141,709	\$ 2,141,709	\$ 2,070,439	\$ (71,270)
Other categorical aid:				
Public assistance and welfare administration	\$ 4,532,634	\$ 4,532,634	\$ 3,320,576	\$ (1,212,058)
Comprehensive services act grant	2,719,984	2,719,984	2,431,776	(288,208)
Law enforcement	2,085,000	2,085,000	2,248,996	163,996
Library	151,077	151,077	156,433	5,356
VJCCCA grant	84,000	84,000	84,000	-
Other state funds	365,000	365,000	332,300	(32,700)
Total other categorical aid	\$ 9,937,695	\$ 9,937,695	\$ 8,574,081	\$ (1,363,614)
Total categorical aid	\$ 12,079,404	\$ 12,079,404	\$ 10,644,520	\$ (1,434,884)
Total Commonwealth	\$ 16,829,996	\$ 16,829,996	\$ 15,158,444	\$ (1,671,552)
Federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 4,981,258	\$ 4,981,258	\$ 4,835,946	\$ (145,312)
Other federal grants	-	151,769	4,839	(146,930)
Total federal government	\$ 4,981,258	\$ 5,133,027	\$ 4,840,785	\$ (292,242)
Total General Fund	\$ 76,120,754	\$ 76,272,523	\$ 73,960,142	\$ (2,312,381)
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 114,010	\$ 114,010
Miscellaneous:				
Poor Creek force main replacement	\$ -	\$ 1,750,000	\$ -	\$ (1,750,000)
Lock's water line replacement	-	2,005,231	-	(2,005,231)
Water and sewer projects	-	2,080,741	-	(2,080,741)
Other projects	-	625,000	75,000	(550,000)
Total miscellaneous	\$ -	\$ 6,460,972	\$ 75,000	\$ (6,385,972)
Total revenue from local sources	\$ -	\$ 6,460,972	\$ 189,010	\$ (6,271,962)

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2020 (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	\$ -	\$ 1,270,296	\$ 310,825	\$ (959,471)
Total Commonwealth	\$ -	\$ 1,270,296	\$ 310,825	\$ (959,471)
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ 7,731,268</u>	<u>\$ 499,835</u>	<u>\$ (7,231,433)</u>
Special Revenue Funds:				
Federal and State Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 38	\$ 38
Charges for services:				
Law library fees	-	22,000	-	(22,000)
Miscellaneous:				
Miscellaneous	\$ 52,686	\$ 82,686	\$ 104,987	\$ 22,301
Recovered costs:				
Rebates and recoveries	38,000	38,000	20,178	(17,822)
Total revenue from local sources	<u>\$ 90,686</u>	<u>\$ 142,686</u>	<u>\$ 125,203</u>	<u>\$ (17,483)</u>
Intergovernmental:				
Commonwealth:				
Other categorical aid:				
Street grants	\$ 5,979,013	\$ 5,985,009	\$ 8,589,050	\$ 2,604,041
Victim witness grants	73,529	73,529	89,272	15,743
PETRG	322,805	322,805	319,405	(3,400)
Fire program grant	-	112,215	-	(112,215)
Asset forfeiture - police	-	27,207	24,810	(2,397)
RSAF grant	-	4,200	-	(4,200)
Other state revenue	-	30,630	9,287	(21,343)
Total Commonwealth	<u>\$ 6,375,347</u>	<u>\$ 6,555,595</u>	<u>\$ 9,031,824</u>	<u>\$ 2,476,229</u>
Federal government:				
Categorical aid:				
Coronavirus relief fund	\$ -	\$ 2,734,818	\$ 1,177,944	\$ (1,556,874)
Other federal grants	220,589	319,278	1,628,634	1,309,356
Total Federal Government	<u>\$ 220,589</u>	<u>\$ 3,054,096</u>	<u>\$ 2,806,578</u>	<u>\$ (247,518)</u>
Total Federal and State Projects Fund	<u>\$ 6,686,622</u>	<u>\$ 9,752,377</u>	<u>\$ 11,963,605</u>	<u>\$ 2,211,228</u>

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Community Development Act Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 7,559	\$ 7,559
Intergovernmental:				
Federal government:				
Categorical aid:				
Community development block grant	\$ 805,000	\$ 1,763,040	\$ 486,924	\$ (1,276,116)
Total Federal Government	\$ 805,000	\$ 1,763,040	\$ 486,924	\$ (1,276,116)
Total Community Development Act Fund	<u>\$ 805,000</u>	<u>\$ 1,763,040</u>	<u>\$ 494,483</u>	<u>\$ (1,268,557)</u>
Stormwater Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 24	\$ 24
Charges for services:				
Stormwater charges	1,460,249	1,460,249	968,500	(491,749)
Total Stormwater Fund	<u>\$ 1,460,249</u>	<u>\$ 1,460,249</u>	<u>\$ 968,524</u>	<u>\$ (491,725)</u>
Blandford Cemetery Perpetual Care Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 12,829	\$ 12,829
Total revenue from use of money and property	\$ -	\$ -	\$ 12,829	\$ 12,829
Charges for services:				
Sale of lots	\$ -	\$ -	\$ 35,475	\$ 35,475
Total charges for services	\$ -	\$ -	\$ 35,475	\$ 35,475
Total Blandford Cemetery Perpetual Care Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,304</u>	<u>\$ 48,304</u>
Clara J. McKenney Memorial Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 3	\$ 3
Total revenue from use of money and property	\$ -	\$ -	\$ 3	\$ 3
Total Clara J. McKenney Memorial Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>
Total Nonmajor Funds	<u>\$ 8,951,871</u>	<u>\$ 12,975,666</u>	<u>\$ 13,474,919</u>	<u>\$ 499,253</u>
Total Primary Government	<u>\$ 85,072,625</u>	<u>\$ 96,979,457</u>	<u>\$ 87,934,896</u>	<u>\$ (9,044,561)</u>

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2020

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	\$ 347,142	\$ 347,142	\$ 309,048	\$ 38,094
General and financial administration:				
City Manager	\$ 507,889	\$ 507,889	\$ 516,718	\$ (8,829)
Legal services	409,086	409,086	384,431	24,655
Personnel	370,189	370,189	336,203	33,986
Commissioner of the Revenue	401,291	401,291	348,081	53,210
Assessor	554,954	554,954	506,391	48,563
Treasurer	198,092	198,092	212,547	(14,455)
Finance Director	736,498	736,498	1,275,544	(539,046)
Information systems	1,043,084	1,043,084	1,140,397	(97,313)
Central garage - motor vehicle repair	-	-	(5,422)	5,422
Billing and collections	556,732	556,732	587,632	(30,900)
Insurance - financial	2,232,477	2,232,477	2,318,690	(86,213)
Virginia Institute of Government	55,000	55,000	58,162	(3,162)
Total general and financial administration	\$ 7,065,292	\$ 7,065,292	\$ 7,679,374	\$ (614,082)
Board of Elections:				
Registrar	\$ 394,154	\$ 394,154	\$ 517,215	\$ (123,061)
Total board of elections	\$ 394,154	\$ 394,154	\$ 517,215	\$ (123,061)
Total general government administration	\$ 7,806,588	\$ 7,806,588	\$ 8,505,637	\$ (699,049)
Judicial administration:				
Courts:				
Circuit court	\$ 97,937	\$ 97,937	\$ 88,781	\$ 9,156
General district court	55,500	55,500	38,334	17,166
Magistrates	25,000	25,000	24,538	462
District J & D relations court	7,750	7,750	4,015	3,735
Clerk of the Circuit Court	715,573	715,573	618,049	97,524
Juvenile court services	221,454	221,454	164,626	56,828
Sheriff	1,634,756	1,634,756	1,541,774	92,982
Total courts	\$ 2,757,970	\$ 2,757,970	\$ 2,480,117	\$ 277,853
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,229,249	\$ 1,229,249	\$ 1,148,309	\$ 80,940
Total judicial administration	\$ 3,987,219	\$ 3,987,219	\$ 3,628,426	\$ 358,793
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 8,643,187	\$ 8,643,187	\$ 8,218,525	\$ 424,662
Emergency communications	2,052,632	2,052,632	1,635,731	416,901
Code compliance	712,173	712,173	550,857	161,316
Criminal justice academy	45,000	45,000	11,843	33,157
Total law enforcement and traffic control	\$ 11,452,992	\$ 11,452,992	\$ 10,416,956	\$ 1,036,036
Fire and rescue services:				
Fire department	\$ 7,084,702	\$ 7,056,051	\$ 6,625,620	\$ 430,431
Total fire and rescue services	\$ 7,084,702	\$ 7,056,051	\$ 6,625,620	\$ 430,431

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Regional jail services	\$ 4,381,302	\$ 4,381,302	\$ 3,766,894	\$ 614,408
11th District Court services	96,588	96,588	87,063	9,525
Juvenile detention home	441,601	441,601	441,602	(1)
Total correction and detention	\$ 4,919,491	\$ 4,919,491	\$ 4,295,559	\$ 623,932
Other protection:				
Animal control	\$ 297,016	\$ 297,016	\$ 265,861	\$ 31,155
Total other protection	\$ 297,016	\$ 297,016	\$ 265,861	\$ 31,155
Total public safety	\$ 23,754,201	\$ 23,725,550	\$ 21,603,996	\$ 2,121,554
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering	\$ 269,926	\$ 421,695	\$ 339,034	\$ 82,661
Total highways, streets, bridges and sidewalks	\$ 269,926	\$ 421,695	\$ 339,034	\$ 82,661
Sanitation and waste removal:				
Refuse collection	\$ 1,525,000	\$ 1,525,000	\$ 1,556,784	\$ (31,784)
Total sanitation and waste removal	\$ 1,525,000	\$ 1,525,000	\$ 1,556,784	\$ (31,784)
Maintenance of general buildings and grounds:				
Building maintenance	\$ 2,767,540	\$ 2,767,540	\$ 2,666,750	\$ 100,790
Cemeteries maintenance	35,448	35,448	34,411	1,037
Total maintenance of general buildings and grounds	\$ 2,802,988	\$ 2,802,988	\$ 2,701,161	\$ 101,827
Total public works	\$ 4,597,914	\$ 4,749,683	\$ 4,596,979	\$ 152,704
Health and welfare:				
Health:				
Health department	\$ 697,952	\$ 697,952	\$ 733,197	\$ (35,245)
Total health	\$ 697,952	\$ 697,952	\$ 733,197	\$ (35,245)
Welfare:				
Social services	\$ 10,744,309	\$ 10,744,309	\$ 8,980,064	\$ 1,764,245
Comprehensive services	4,305,229	4,305,229	4,170,483	134,746
Mental health services	209,185	209,185	161,596	47,589
Legal aid	446,286	446,286	338,073	108,213
Workforce development	-	-	90,031	(90,031)
Crater District Area Agency on Aging	10,000	10,000	-	10,000
Total welfare	\$ 15,715,009	\$ 15,715,009	\$ 13,740,247	\$ 1,974,762
Total health and welfare	\$ 16,412,961	\$ 16,412,961	\$ 14,473,444	\$ 1,939,517

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Education:				
Contributions to community colleges	\$ 5,350	\$ 5,350	\$ 5,108	\$ 242
Contributions to Component Unit - School Board	10,000,000	10,000,000	8,893,453	1,106,547
Total education	\$ 10,005,350	\$ 10,005,350	\$ 8,898,561	\$ 1,106,789
Parks, recreation and cultural:				
Parks and recreation:				
Parks and leisure services	\$ 884,187	\$ 884,187	\$ 804,934	\$ 79,253
Cultural:				
Library	\$ 1,090,968	\$ 1,090,968	\$ 890,245	\$ 200,723
Museum and visitor services	209,220	209,220	164,444	44,776
Total cultural	\$ 1,300,188	\$ 1,300,188	\$ 1,054,689	\$ 245,499
Total parks, recreation and cultural	\$ 2,184,375	\$ 2,184,375	\$ 1,859,623	\$ 324,752
Community development:				
Planning and community development:				
Planning	\$ 461,389	\$ 490,040	\$ 305,801	\$ 184,239
Economic development	377,005	377,005	319,186	57,819
Cooperative extension program	53,845	53,845	30,000	23,845
Total planning and community development	\$ 892,239	\$ 920,890	\$ 654,987	\$ 265,903
Total community development	\$ 892,239	\$ 920,890	\$ 654,987	\$ 265,903
Nondepartmental:				
Other nondepartmental	\$ 1,259,105	\$ 1,259,105	\$ 136,106	\$ 1,122,999
Contingencies - other	-	-	98,840	(98,840)
Total nondepartmental	\$ 1,259,105	\$ 1,259,105	\$ 234,946	\$ 1,024,159
Debt service:				
Principal retirement	\$ 2,041,573	\$ 2,041,573	\$ 1,898,305	\$ 143,268
Interest and fiscal charges	1,562,635	1,562,635	1,514,099	48,536
Bond issuance cost	250,000	250,000	192,509	57,491
Total debt service	\$ 3,854,208	\$ 3,854,208	\$ 3,604,913	\$ 249,295
Total General Fund	\$ 74,754,160	\$ 74,905,929	\$ 68,061,512	\$ 6,844,417
Capital Projects Fund:				
Capital outlays / projects:				
General government administration:				
City Hall Annex Rehabilitation	\$ -	\$ -	\$ 275,056	\$ (275,056)
Total general government administration	\$ -	\$ -	\$ 275,056	\$ (275,056)

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Fund: (Continued)				
Public works:				
Southside depot restoration	\$ -	\$ 232,444	\$ 44,576	\$ 187,868
Park and ride	-	1,270,296	312,768	957,528
Public Utilities	-	6,460,971	91	6,460,880
Total public works	\$ -	\$ 7,963,711	\$ 357,435	\$ 7,606,276
Education:				
Westview Early Childhood Education	\$ -	\$ 160,000	\$ 244,129	\$ (84,129)
Total education	\$ -	\$ 160,000	\$ 244,129	\$ (84,129)
Debt service:				
Bond issuance cost	\$ -	\$ -	\$ 109,821	\$ (109,821)
Total debt service	\$ -	\$ -	\$ 109,821	\$ (109,821)
Total Capital Projects Fund	\$ -	\$ 8,123,711	\$ 986,441	\$ 7,137,270
Special Revenue Funds:				
Federal and State Projects Fund:				
Judicial administration:				
Courts:				
Victim witness	\$ 294,118	\$ 294,118	\$ 279,506	\$ 14,612
Law library	-	22,000	20,877	1,123
Total judicial administration	\$ 294,118	\$ 316,118	\$ 300,383	\$ 15,735
Public Safety:				
Law Enforcement and Traffic Control:				
Community corrections	\$ 409,445	\$ 409,445	\$ 374,143	\$ 35,302
Coronavirus relief fund	-	2,734,818	1,177,944	1,556,874
Forfeited assets	-	27,207	-	27,207
Other contractual services	-	245,734	84,844	160,890
Total public safety	\$ 409,445	\$ 3,417,204	\$ 1,636,931	\$ 1,780,273
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets	\$ 5,981,699	\$ 5,987,695	\$ 4,768,988	\$ 1,218,707
Total public works	\$ 5,981,699	\$ 5,987,695	\$ 4,768,988	\$ 1,218,707

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Special Revenue Funds: (Continued)				
Federal and State Projects Fund: (Continued)				
Health and welfare:				
Workforce investment act pass-through	\$ -	\$ -	\$ 1,291,509	\$ (1,291,509)
Total health and welfare	\$ -	\$ -	\$ 1,291,509	\$ (1,291,509)
Parks, recreation and cultural:				
Office on youth	\$ 50,000	\$ 50,000	\$ 73,551	\$ (23,551)
Commission for the Arts	-	30,000	29,322	678
Total parks, recreation and cultural	\$ 50,000	\$ 80,000	\$ 102,873	\$ (22,873)
Community Development:				
Cameron - Jarratt house	\$ -	\$ -	\$ 2,370	\$ (2,370)
Total community development	\$ -	\$ -	\$ 2,370	\$ (2,370)
Total Federal and State Projects Fund	<u>\$ 6,735,262</u>	<u>\$ 9,801,017</u>	<u>\$ 8,103,054</u>	<u>\$ 1,697,963</u>
Community Development Act Fund:				
Community Development:				
Other community development expenditures	\$ 805,000	\$ 1,763,040	\$ 572,332	\$ 1,190,708
Total community development	\$ 805,000	\$ 1,763,040	\$ 572,332	\$ 1,190,708
Total Community Development Act Fund	<u>\$ 805,000</u>	<u>\$ 1,763,040</u>	<u>\$ 572,332</u>	<u>\$ 1,190,708</u>
Stormwater Fund:				
Public works:				
Sanitation and waste removal:				
Stormwater management program	\$ 1,812,479	\$ 1,812,479	\$ 507,442	\$ 1,305,037
Debt service:				
Principal retirement	\$ 57,500	\$ 57,500	\$ 55,000	\$ 2,500
Interest and fiscal charges	90,270	90,270	90,270	-
Total debt service	\$ 147,770	\$ 147,770	\$ 145,270	\$ 2,500
Total Stormwater Fund	<u>\$ 1,960,249</u>	<u>\$ 1,960,249</u>	<u>\$ 652,712</u>	<u>\$ 1,307,537</u>
Total Nonmajor Funds	<u>\$ 9,500,511</u>	<u>\$ 13,524,306</u>	<u>\$ 9,328,098</u>	<u>\$ 4,196,208</u>
Total Primary Government	<u>\$ 84,254,671</u>	<u>\$ 96,553,946</u>	<u>\$ 78,376,051</u>	<u>\$ 18,177,895</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.

CITY OF PETERSBURG, VIRGINIA

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

	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 15,534,169	\$ 23,120,077	\$ 18,479,417	\$ 22,461,507
Restricted	4,459,923	8,371,649	8,699,721	3,149,244
Unrestricted	19,465,464	4,144,437	1,133,991	7,091,332
Total governmental activities	<u>\$ 39,459,556</u>	<u>\$ 35,636,163</u>	<u>\$ 28,313,129</u>	<u>\$ 32,702,083</u>
Business-type activities:				
Net investment in capital assets	\$ 38,529,251	\$ 41,540,929	\$ 40,518,560	\$ 41,072,153
Restricted	3,049,996	2,198,555	1,334,606	465,941
Unrestricted	(7,843,351)	(2,045,948)	(2,029,523)	(1,368,263)
Total business-type activities	<u>\$ 33,735,896</u>	<u>\$ 41,693,536</u>	<u>\$ 39,823,643</u>	<u>\$ 40,169,831</u>
Primary government				
Net investment in capital assets	\$ 54,063,420	\$ 64,661,006	\$ 58,997,977	\$ 63,533,660
Restricted	7,509,919	10,570,204	10,034,327	3,615,185
Unrestricted	11,622,113	2,098,489	(895,532)	5,723,069
Total primary government	<u>\$ 73,195,452</u>	<u>\$ 77,329,699</u>	<u>\$ 68,136,772</u>	<u>\$ 72,871,914</u>

Table 1

2015	2016	2017	2018	2019	2020
\$ 20,896,406	\$ 20,071,779	\$ 20,234,034	\$ 12,518,336	\$ 13,583,894	\$ 15,504,612
3,011,799	4,275,250	5,064,216	4,590,712	2,811,860	6,693,963
(18,593,137)	(20,842,395)	(9,320,682)	887,135	13,404,941	17,935,631
<u>\$ 5,315,068</u>	<u>\$ 3,504,634</u>	<u>\$ 15,977,568</u>	<u>\$ 17,996,183</u>	<u>\$ 29,800,695</u>	<u>\$ 40,134,206</u>
\$ 39,271,737	\$ 38,557,116	\$ 37,552,117	\$ 36,152,082	\$ 36,135,036	\$ 35,173,717
489,434	489,434	491,191	496,007	492,559	516,385
(4,270,209)	(7,542,983)	(5,953,216)	(4,806,833)	(3,770,607)	(96,065)
<u>\$ 35,490,962</u>	<u>\$ 31,503,567</u>	<u>\$ 32,090,092</u>	<u>\$ 31,841,256</u>	<u>\$ 32,856,988</u>	<u>\$ 35,594,037</u>
\$ 60,168,143	\$ 58,628,895	\$ 57,786,151	\$ 48,670,418	\$ 49,718,930	\$ 50,678,329
3,501,233	4,764,684	5,555,407	5,086,719	3,304,419	7,210,348
(22,863,346)	(28,385,378)	(15,273,898)	(3,919,698)	9,634,334	17,839,566
<u>\$ 40,806,030</u>	<u>\$ 35,008,201</u>	<u>\$ 48,067,660</u>	<u>\$ 49,837,439</u>	<u>\$ 62,657,683</u>	<u>\$ 75,728,243</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
General government administration	\$ 3,953,282	\$ 4,689,240	\$ 5,024,964	\$ 6,124,429	\$ 7,085,421	\$ 7,000,032	\$ 6,987,157	\$ 7,927,159	\$ 6,885,622	\$ 8,106,044
Judicial administration	2,170,832	2,166,314	2,329,886	2,409,720	2,392,925	2,324,844	2,424,147	3,856,067	3,782,333	4,143,228
Public safety	29,031,529	31,073,384	29,534,876	27,624,108	26,840,786	23,666,410	18,589,827	22,841,419	20,266,142	23,801,885
Public works	13,225,076	15,391,709	13,624,539	12,902,451	12,992,788	11,605,106	7,303,967	8,384,942	8,127,569	10,341,805
Health and welfare	14,887,566	13,193,886	12,472,778	13,358,082	13,703,670	13,488,320	13,891,867	14,560,418	14,495,922	15,810,384
Education	11,160,050	9,157,346	11,476,574	10,289,525	12,048,813	11,673,961	8,775,894	9,624,056	9,503,706	9,305,976
Parks, recreation, and cultural	2,443,712	2,547,419	7,557,488	2,819,867	2,445,593	2,216,162	1,642,337	2,160,173	2,001,456	2,187,262
Community development	3,607,676	3,304,525	3,277,237	3,855,151	6,152,338	6,286,581	6,324,991	3,806,619	522,584	1,115,561
Interest and other fiscal charges	1,590,337	1,127,482	1,228,991	1,016,546	1,541,463	1,648,599	1,768,995	2,217,670	2,129,755	1,878,322
Total governmental activities expenses	\$ 82,070,060	\$ 82,651,305	\$ 86,527,333	\$ 80,399,879	\$ 85,203,797	\$ 79,910,015	\$ 67,709,182	\$ 75,378,523	\$ 67,715,089	\$ 76,690,467
Business-type activities:										
Public Utility	\$ 9,127,023	\$ 9,292,960	\$ 9,490,563	\$ 9,095,733	\$ 10,141,929	\$ 10,248,093	\$ 10,639,774	\$ 12,441,601	\$ 12,141,089	\$ 12,012,231
Mass transit	3,545,881	4,442,057	4,233,740	4,343,710	4,429,192	5,133,570	4,359,362	4,606,470	4,561,067	4,656,217
Golf Course	1,182,589	1,151,540	1,110,021	1,203,286	1,256,939	1,186,181	969,240	1,036,387	1,080,225	1,187,580
Total business-type activities expenses	\$ 13,855,493	\$ 14,886,557	\$ 14,834,324	\$ 14,642,729	\$ 15,828,060	\$ 16,567,844	\$ 15,968,376	\$ 18,084,458	\$ 17,782,381	\$ 17,856,028
Total primary government expenses	\$ 95,925,553	\$ 97,537,862	\$ 101,361,657	\$ 95,042,608	\$ 101,031,857	\$ 96,477,859	\$ 83,677,558	\$ 93,462,981	\$ 85,497,470	\$ 94,546,495
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	\$ -	\$ -	\$ 350,714	\$ 228,416	\$ 177,548	\$ 108,845	\$ 390,688	\$ 363,981	\$ 147,510	\$ 300,581
Judicial administration	860,011	1,000,340	615,372	680,649	562,613	458,825	929,815	1,082,849	1,098,413	830,012
Public safety	461,872	619,311	461,406	536,074	723,770	973,578	725,906	602,947	612,964	555,338
Public works	1,878,941	1,581,645	2,125,662	3,042,325	3,155,209	3,394,087	4,116,778	3,893,878	3,637,859	2,760,827
Health and welfare	-	-	-	6,665	-	-	-	-	-	-
Parks, recreation, and cultural	101,789	82,202	98,246	80,473	144,757	91,383	86,805	49,001	66,522	47,445
Community development	32,105	35,081	307,123	209,969	473,614	18,999	12,123	-	86	500
Operating grants and contributions:										
General government administration	302,633	305,189	291,559	305,503	299,039	335,426	302,173	289,748	290,210	312,073
Judicial administration	964,332	993,434	962,643	1,051,708	1,183,964	1,271,503	1,047,600	1,174,451	1,180,738	1,198,203
Public safety	8,143,893	7,504,260	7,096,135	7,682,641	7,280,645	4,722,327	3,885,072	5,471,648	4,673,680	13,430,779
Public works	4,565,451	4,907,577	5,001,123	5,167,493	5,400,118	6,887,122	3,683,938	1,329,953	1,484,487	1,948,746
Health and welfare	11,128,359	9,757,395	8,845,264	9,667,570	9,704,194	10,212,459	10,617,628	10,264,868	11,075,090	10,588,298
Education	-	-	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	195,188	141,719	274,093	145,774	145,622	181,506	148,257	114,812	149,229	156,433
Community development	534,970	505,493	1,081,150	850,812	444,873	438,227	852,535	446,356	615,138	486,924
Capital grants and contributions:										
Public works	2,082,199	763,981	1,014,283	6,312,018	3,154	26,804	-	-	-	-
Education	3,000,000	-	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	90,000	-	-	-	-	-	-	-	-	-
Community development	-	-	-	19,920	-	-	-	-	-	-
Total governmental activities program revenues	\$ 34,341,743	\$ 28,197,627	\$ 28,524,773	\$ 35,988,010	\$ 29,699,120	\$ 29,121,091	\$ 26,799,318	\$ 25,084,492	\$ 25,031,926	\$ 32,616,159

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program revenues: (Continued)										
Business-type activities:										
Charges for services:										
Public Utility	\$ 9,419,189	\$ 9,539,367	\$ 9,130,177	\$ 9,107,233	\$ 8,758,140	\$ 7,180,519	\$ 12,334,213	\$ 13,055,145	\$ 14,620,549	\$ 14,424,910
Mass Transit	413,822	474,125	536,463	528,470	579,124	617,774	990,242	749,775	674,059	550,732
Golf course	599,448	683,792	709,000	701,000	694,111	693,901	703,735	660,498	657,094	774,390
Operating grants and contributions:										
Mass Transit	971,920	1,089,908	1,403,671	1,768,821	3,144,068	2,091,584	2,194,278	1,486,068	1,561,230	3,668,091
Capital grants and contributions										
Public Utility	-	558,422	-	-	-	-	-	-	-	-
Mass Transit	2,315,371	1,156,832	376,333	2,003,498	158,355	784,525	18,616	-	-	-
Total business-type activities program revenues	\$ 13,719,750	\$ 13,502,446	\$ 12,155,644	\$ 14,109,022	\$ 13,333,798	\$ 11,368,303	\$ 16,241,084	\$ 15,951,486	\$ 17,512,932	\$ 19,418,123
Total primary government program revenues	\$ 48,061,493	\$ 41,700,073	\$ 40,680,417	\$ 50,097,032	\$ 43,032,918	\$ 40,489,394	\$ 43,040,402	\$ 41,035,978	\$ 42,544,858	\$ 52,034,282
Net (expense) / revenue										
Governmental activities	\$ (47,728,317)	\$ (54,453,678)	\$ (58,002,560)	\$ (44,411,869)	\$ (55,504,677)	\$ (50,788,924)	\$ (40,909,864)	\$ (50,294,031)	\$ (42,683,163)	\$ (44,074,308)
Business-type activities	(135,743)	(1,384,111)	(2,678,680)	(533,707)	(2,494,262)	(5,199,541)	272,708	(2,132,972)	(269,449)	1,562,095
Total primary government net expense	\$ (47,864,060)	\$ (55,837,789)	\$ (60,681,240)	\$ (44,945,576)	\$ (57,998,939)	\$ (55,988,465)	\$ (40,637,156)	\$ (52,427,003)	\$ (42,952,612)	\$ (42,512,213)
General Revenues and Other Change in Net Position										
Governmental activities:										
General property taxes	\$ 35,991,155	\$ 34,093,970	\$ 33,726,929	\$ 34,394,416	\$ 33,418,636	\$ 31,963,589	\$ 34,862,878	\$ 36,240,761	\$ 35,340,387	\$ 34,934,870
Local sales and use taxes	3,396,411	3,755,828	3,738,656	3,530,101	3,715,835	3,528,238	3,663,381	3,870,538	4,068,868	4,235,470
Consumer utility taxes	1,678,216	1,658,993	1,761,728	1,638,787	1,715,224	1,918,122	1,758,638	1,635,049	2,013,020	1,975,148
Business license taxes	2,553,424	2,931,183	2,876,387	2,727,728	2,797,490	2,659,030	2,912,639	3,026,524	2,917,586	2,448,809
Motor Vehicle license taxes	491,904	511,083	502,714	487,391	420,192	389,349	372,125	534,372	330,908	634,750
Lodging taxes	375,201	294,194	273,899	268,575	256,522	320,486	436,032	541,498	578,420	550,594
Meals tax	1,361,103	1,559,147	2,211,886	2,423,433	2,571,793	2,948,184	2,843,808	3,421,414	3,494,500	2,987,766
Other local taxes	664,274	571,077	566,682	618,970	602,467	578,287	1,499,793	1,543,672	1,561,263	1,443,628
Unrestricted revenues from use of money and property	367,179	383,397	397,947	487,382	231,452	490,012	253,178	1,172,336	222,256	533,301
Miscellaneous	348,002	472,304	1,285,606	861,739	1,104,557	640,843	368,291	1,703,883	856,202	1,316,217
Grants and contributions not restricted to specific programs	4,867,141	4,761,896	4,835,521	4,936,135	4,828,315	4,749,525	5,129,284	4,579,424	4,568,152	4,513,924
Gain/(Loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Transfers (net)	(143,830)	(499,618)	(802,736)	(878,560)	-	(1,207,175)	(717,248)	(1,408,020)	(1,273,098)	(1,380,228)
Total governmental activities	\$ 51,950,180	\$ 50,493,454	\$ 51,375,219	\$ 51,496,097	\$ 51,662,483	\$ 48,978,490	\$ 53,382,799	\$ 56,861,451	\$ 54,678,464	\$ 54,194,249
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 163,271	\$ -	\$ 6,051	\$ 1,335	\$ 1,181	\$ 4,971	\$ 3,362	\$ 7,596	\$ 12,083	\$ 8,296
Transfers	143,830	499,618	802,736	878,560	-	1,207,175	717,248	1,408,020	1,273,098	1,380,228
Total business-type activities	\$ 307,101	\$ 499,618	\$ 808,787	\$ 879,895	\$ 1,181	\$ 1,212,146	\$ 720,610	\$ 1,415,616	\$ 1,285,181	\$ 1,388,524
Total primary government	\$ 52,257,281	\$ 50,993,072	\$ 52,184,006	\$ 52,375,992	\$ 51,663,664	\$ 50,190,636	\$ 54,103,409	\$ 58,277,067	\$ 55,963,645	\$ 55,582,773
Change in Net Position										
Governmental activities	\$ 4,221,863	\$ (3,960,224)	\$ (6,627,341)	\$ 7,084,228	\$ (3,842,194)	\$ (1,810,434)	\$ 12,472,935	\$ 6,567,420	\$ 11,995,301	\$ 10,119,941
Business-type activities	171,358	(884,493)	(1,869,893)	346,188	(2,493,081)	(3,987,395)	993,318	(717,356)	1,015,732	2,950,619
Total primary government	\$ 4,393,221	\$ (4,844,717)	\$ (8,497,234)	\$ 7,430,416	\$ (6,335,275)	\$ (5,797,829)	\$ 13,466,253	\$ 5,850,064	\$ 13,011,033	\$ 13,070,560

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
2011	\$ 34,691,569	\$ 3,667,579	\$ 1,691,546	\$ 2,489,284	\$ 493,869	\$ 340,894	\$ 1,376,528	\$ 627,076	\$ 45,378,345
2012	34,093,970	3,755,828	1,658,993	2,931,183	511,083	294,194	1,559,147	571,077	45,375,475
2013	33,726,929	3,738,656	1,761,728	2,876,387	502,714	273,899	2,211,886	566,682	45,658,881
2014	34,394,416	3,530,101	1,638,787	2,727,728	487,391	268,575	2,423,433	618,970	46,089,401
2015	33,418,636	3,715,835	1,715,224	2,797,490	420,192	256,522	2,571,793	602,467	45,498,159
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

CITY OF PETERSBURG, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2011	2012	2013	2014	2015
General fund					
Nonspendable:					
Inventory and land held for resale	\$ 5,015,776	\$ 4,891,455	\$ 5,234,818	\$ 6,001,237	\$ 5,352,974
Interfund loans	8,225,957	250,071	250,071	250,071	250,071
Prepaid items	-	-	-	-	-
Restricted:					
Debt service	2,631,120	3,080,364	3,509,985	3,969,947	4,314,400
Grants	-	172,560	172,560	-	-
Committed:					
General government	-	-	102,786	-	-
Public safety	-	-	125,780	-	-
Public works	-	-	28,422	-	-
Parks, recreation and cultural	-	-	10,299	-	-
Community development	-	-	12,901	-	-
Land acquisition	225,000	-	-	-	-
Rives Road widening	10,000	-	-	-	-
Walnut Hill Elementary School	121,000	-	-	-	-
Employee bonuses	750,000	-	-	-	-
Petersburg Public School Operations Center	100,000	-	-	-	-
Health and welfare	63,000	-	-	-	-
Assigned:					
General government	3,658	-	-	-	-
Police Department	75,190	-	-	-	-
Fire Department	8,080	-	-	-	-
Jail	23,595	-	-	-	-
Engineering	14,080	-	-	-	-
Street maintenance	459,944	-	-	-	-
Building maintenance	44,800	-	-	-	-
Library	2,710	-	-	-	-
Tourism	1,828	-	-	-	-
Other purposes	4,525	-	-	-	-
Unassigned	6,402,849	4,615,214	1,725,979	174,507	(5,011,152)
Reserved:					
Inventory	-	-	-	-	-
Encumbrances	-	-	-	-	-
Unreserved, undesignated	-	-	-	-	-
Total general fund	\$ 24,183,112	\$ 13,009,664	\$ 11,173,601	\$ 10,395,762	\$ 4,906,293
All other governmental funds					
Nonspendable:					
Interfund loans - capital projects	\$ 279,781	\$ 279,781	\$ -	\$ -	\$ -
Cemetery Perpetual care and library	1,828,803	1,773,666	1,760,833	1,819,336	1,842,730
Prepaid items	-	-	-	7,019	-
McKenney scholarships	19,001	19,009	19,014	19,017	8,534
Restricted:					
Grants	448,435	462,609	293,342	1,310,891	1,160,535
Capital projects	-	2,863,440	2,943,987	2,695,274	9,546,748
Committed:					
Stormwater	-	-	-	-	-
Assigned to:					
LT Run Watershed Study - stream restoration	638,400	-	-	-	-
Centre Hill drainage improvement	57,518	-	-	-	-
Passenger train station	164,000	-	-	-	-
Prince George PPEA project	499,540	-	-	-	-
Poor Creek Pump Station	2,368,980	-	-	-	-
Health Department	335,575	-	-	-	-
School projects	22,130	-	-	-	-
Other purposes	1,215,436	-	-	-	-
Reserved:					
Capital projects	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Permanent funds	-	-	-	-	-
Unreserved, reported in:					
Non-major:					
Special revenue funds (deficit)	-	-	-	-	-
Total all other governmental funds	\$ 7,877,599	\$ 5,398,505	\$ 5,017,176	\$ 5,851,537	\$ 12,558,547
Total fund balances	\$ 32,060,711	\$ 18,408,169	\$ 16,190,777	\$ 16,247,299	\$ 17,464,840

Table 4

[illegible]

CITY OF PETERSBURG, VIRGINIA

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

	2011	2012	2013	2014	2015
Revenues:					
General property taxes	\$ 34,039,946	\$ 33,388,519	\$ 33,787,723	\$ 33,299,800	\$ 32,558,767
Other local taxes	12,602,485	11,281,505	11,931,952	11,694,985	12,079,523
Permits, privilege fees and regulatory licenses	426,106	559,870	589,836	570,939	686,551
Fines and forfeitures	673,606	786,925	784,879	714,870	765,358
Revenue from use of money and property	346,203	383,397	397,947	487,382	231,452
Charges for services	1,980,201	1,971,784	2,583,808	3,498,762	3,785,602
Miscellaneous	3,928,274	472,304	1,285,606	861,739	1,104,557
Recovered costs	638,918	35,966	1,153,960	1,189,699	312,402
Intergovernmental:					
Commonwealth	21,417,443	23,474,260	23,044,851	23,487,926	23,548,977
Federal	6,567,302	6,166,684	6,356,920	6,444,971	5,740,947
Total revenues	\$ 82,620,484	\$ 78,521,214	\$ 81,917,482	\$ 82,251,073	\$ 80,814,136
Expenditures:					
General government administration	\$ 4,098,854	\$ 4,623,610	\$ 5,754,005	\$ 7,163,426	\$ 7,524,695
Judicial administration	1,967,127	1,942,608	2,179,386	2,491,818	2,463,424
Public safety	28,443,133	29,063,421	28,748,274	27,484,115	27,606,870
Public works	10,264,734	13,148,715	11,822,628	11,417,788	10,981,210
Health and welfare	14,086,084	13,035,375	12,077,260	12,943,794	13,680,829
Education	13,016,373	10,270,452	12,464,698	10,858,309	12,162,407
Parks, recreation, and cultural	2,470,427	2,366,214	7,711,017	2,968,898	2,410,228
Community development	3,497,736	3,422,572	3,210,767	3,845,518	6,173,516
Nondepartmental	1,247,187	1,968,166	1,583,016	1,740,834	1,499,907
Debt service:					
Principal retirement	5,998,607	3,520,535	4,422,975	2,350,820	1,274,446
Interest and other fiscal charges	1,337,602	1,108,836	1,309,349	1,306,617	2,603,645
Total expenditures	\$ 86,427,864	\$ 84,470,504	\$ 91,283,375	\$ 84,571,937	\$ 88,381,177
Excess (deficiency) of revenues over expenditures	\$ (3,807,380)	\$ (5,949,290)	\$ (9,365,893)	\$ (2,320,864)	\$ (7,567,041)
Other financing sources (uses):					
Transfers in	\$ 451,234	\$ 493,471	\$ 1,291,148	\$ 870,061	\$ 235,078
Transfers (out)	(704,170)	(993,090)	(2,093,885)	(1,748,621)	(235,078)
Proceeds from capital leases	379,650	165,000	1,030,747	691,910	703,067
Sale of assets	-	-	-	-	-
Issuance of debt	396,000	1,530,000	5,000,000	2,330,000	7,292,000
Premium(discount) on debt issued	-	-	-	234,035	789,515
Proceeds from refunding bonds	2,686,689	-	3,751,828	-	-
Payment to refunded bond escrow agent	(2,596,254)	-	(1,831,338)	-	-
Total other financing sources (uses)	\$ 613,149	\$ 1,195,381	\$ 7,148,500	\$ 2,377,385	\$ 8,784,582
Net changes in fund balances	\$ (3,194,231)	\$ (4,753,909)	\$ (2,217,393)	\$ 56,521	\$ 1,217,541
Debt service as a percentage of noncapital expenditures	8.77%	5.89%	6.63%	4.58%	4.49%

Table 5

	2016	2017	2018	2019	2020
\$	34,495,560	\$ 33,735,254	\$ 33,025,417	\$ 35,568,665	\$ 34,396,701
	12,341,696	13,486,416	14,573,067	14,964,565	14,276,165
	496,899	545,099	272,177	364,217	346,167
	407,471	765,982	774,641	826,862	643,894
	489,754	253,178	1,172,336	222,256	533,301
	4,141,347	4,951,034	4,945,838	4,372,275	3,504,642
	641,101	368,291	1,703,883	856,202	1,316,217
	416,380	906,066	353,329	327,426	282,429
	22,492,191	19,273,814	17,443,094	16,713,422	24,501,093
	6,332,708	6,392,673	6,228,166	7,323,302	8,134,287
\$	<u>82,255,107</u>	<u>\$ 80,677,807</u>	<u>\$ 80,491,948</u>	<u>\$ 81,539,192</u>	<u>\$ 87,934,896</u>
\$	7,442,109	\$ 6,993,994	\$ 8,262,762	\$ 7,598,603	\$ 8,780,693
	2,382,411	2,605,677	3,917,266	4,091,040	3,928,809
	23,060,160	19,146,589	26,317,824	23,390,248	23,240,927
	12,285,985	6,368,696	8,414,780	8,345,458	10,230,844
	13,319,206	13,281,272	14,710,607	15,319,790	15,764,953
	12,071,503	8,969,881	8,992,665	9,190,686	9,142,690
	2,155,546	1,429,786	2,005,047	2,006,816	1,962,496
	6,177,866	5,999,339	1,583,268	1,072,643	1,229,689
	1,316,723	2,660,937	1,056,598	845,624	234,946
	4,741,043	4,681,403	16,330,767	4,156,967	1,953,305
	1,715,407	1,803,387	2,889,705	2,111,875	1,906,699
\$	<u>86,667,959</u>	<u>\$ 73,940,961</u>	<u>\$ 94,481,289</u>	<u>\$ 78,129,750</u>	<u>\$ 78,376,051</u>
\$	<u>(4,412,852)</u>	<u>\$ 6,736,846</u>	<u>\$ (13,989,341)</u>	<u>\$ 3,409,442</u>	<u>\$ 9,558,845</u>
\$	719,040	\$ -	\$ 238,330	\$ 140,257	\$ 232,049
	(1,926,215)	(717,248)	(1,646,350)	(1,413,355)	(1,612,277)
	-	-	-	-	-
	-	-	-	-	-
	3,000,000	-	-	-	-
	-	-	(259,580)	-	951,754
	-	-	27,205,000	-	5,274,750
	-	-	(5,925,555)	-	(6,116,683)
\$	<u>1,792,825</u>	<u>\$ (717,248)</u>	<u>\$ 19,611,845</u>	<u>\$ (1,273,098)</u>	<u>\$ (1,270,407)</u>
\$	<u>(2,620,027)</u>	<u>\$ 6,019,598</u>	<u>\$ 5,622,504</u>	<u>\$ 2,136,344</u>	<u>\$ 8,288,438</u>
	<u>7.81%</u>	<u>9.01%</u>	<u>21.29%</u>	<u>8.24%</u>	<u>5.13%</u>

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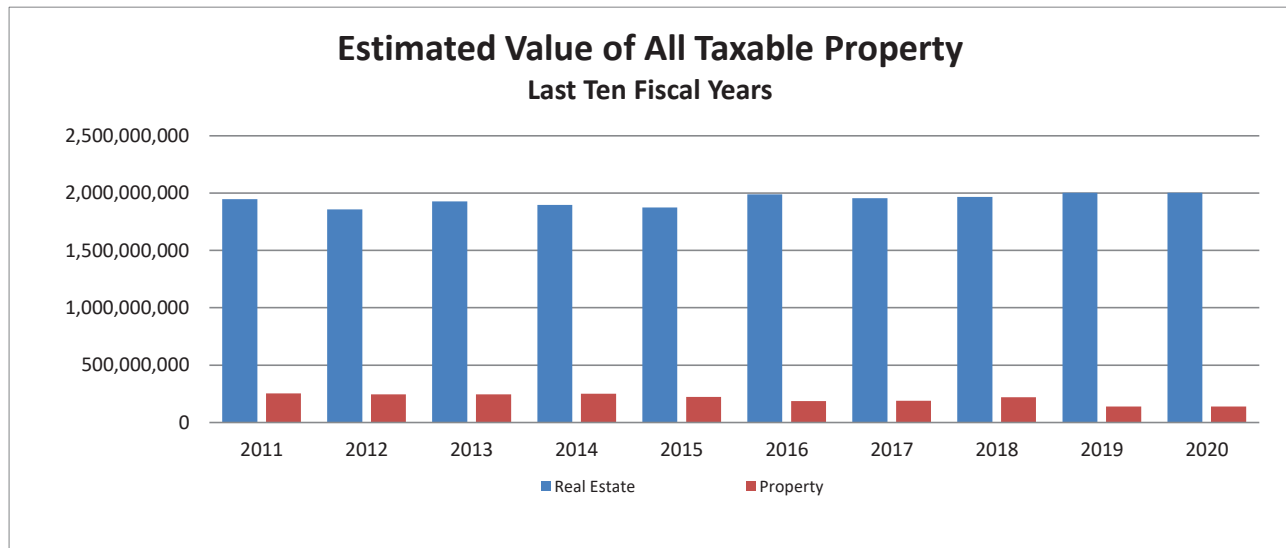
Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
2011	\$ 34,039,946	\$ 3,667,579	\$ 1,691,546	\$ 2,489,284	\$ 493,869	\$ 340,894	\$ 1,376,528	\$ 627,076	\$ 46,642,431
2012	33,388,519	3,755,828	1,658,993	2,931,183	511,083	294,194	1,559,147	571,077	44,670,024
2013	33,787,723	3,738,656	1,761,728	2,876,387	502,714	273,899	2,211,886	566,682	45,719,675
2014	33,299,800	3,530,101	1,638,787	2,727,728	487,391	268,575	2,423,433	618,970	44,994,785
2015	32,558,767	3,715,835	1,715,224	2,797,490	420,192	256,522	2,571,793	602,467	44,638,290
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

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)
2011	\$ 1,947,667,364	\$ 254,240,653	\$ 2,201,908,017	\$ 1.55
2012	1,857,317,235	246,651,794	2,103,969,029	1.55
2013	1,926,214,795	246,783,150	2,172,997,945	1.53
2014	1,897,715,161	251,007,184	2,148,722,345	1.54
2015	1,873,395,296	223,450,973	2,096,846,269	1.51
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

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)
2011	\$ 1.35	\$ 4.40	\$ 3.80	\$ 1.35	\$ 1.55
2012	1.35	4.40	3.80	1.35	1.55
2013	1.35	4.40	3.80	1.35	1.53
2014	1.35	4.40	3.80	1.35	1.54
2015	1.35	4.40	3.80	1.35	1.51
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

Source - Commissioner of the Revenue

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

CITY OF PETERSBURG, VIRGINIA

Principal Business Taxpayers

Most Recent Year Available and Nine Years Ago

Taxpayer	2019				Percentage of Total Assessed Valuation
	Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	
Petersburg Hospital (SRMC)	\$ 100,070,100	\$ 11,459,369	\$ 111,529,469	1	5.13%
Virginia Electric	14,777,443	117,049,194	131,826,637	2	6.06%
Addison @ Crater Woods	35,287,100	-	35,287,100	3	1.62%
Amsted/Brenco	18,399,891	15,544,459	33,944,350	4	1.56%
AMPAC Chemicals	28,564,600	2,263,785	30,828,385	5	1.42%
1200 Acqua LLC	27,110,000	-	27,110,000	6	1.25%
Norfolk & Western Railway	18,477,586	18,930,797	37,408,383	7	1.72%
Columbia Gas (SCC)	14,654,233	1,315,548	15,969,781	8	0.73%
GeorgeTown Square	15,371,000	27,689	15,398,689	9	0.71%
Verizon Virginia(SCC)	1,365,226	13,359,690	14,724,916	10	0.68%
South Crater Square	13,614,800	6,858	13,621,658	11	0.63%
Boar's Head	7,989,400	4,918,407	12,907,807	12	0.59%
MPT Petersburg/Healthsouth	11,241,300	824,510	12,065,810	13	0.55%
Total	<u>\$ 306,922,679</u>	<u>\$ 185,700,306</u>	<u>\$ 492,622,985</u>		<u>22.65%</u>

Source: Commissioner of the Revenue

Table 9

2010				
Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	Percentage of Total Assessed Valuation
\$ 106,822,000	\$ 6,456,938	\$ 113,278,938	1	2.11%
38,710,441	71,962	38,782,403	3	5.51%
18,383,100	12,182,545	30,565,645	4	0.00%
-	-	-		1.40%
-	-	-		0.00%
-	-	-		0.00%
-	-	-		0.00%
9,854,791	3,196	9,857,987	10	0.00%
15,386,000	13,737	15,399,737	5	0.70%
15,223,145	3,632	15,226,777	6	0.00%
-	-	-		0.75%
-	-	-		0.00%
-	-	-		0.47%
<u>\$ 204,379,477</u>	<u>\$ 18,732,010</u>	<u>\$ 223,111,487</u>		<u>19.47%</u>

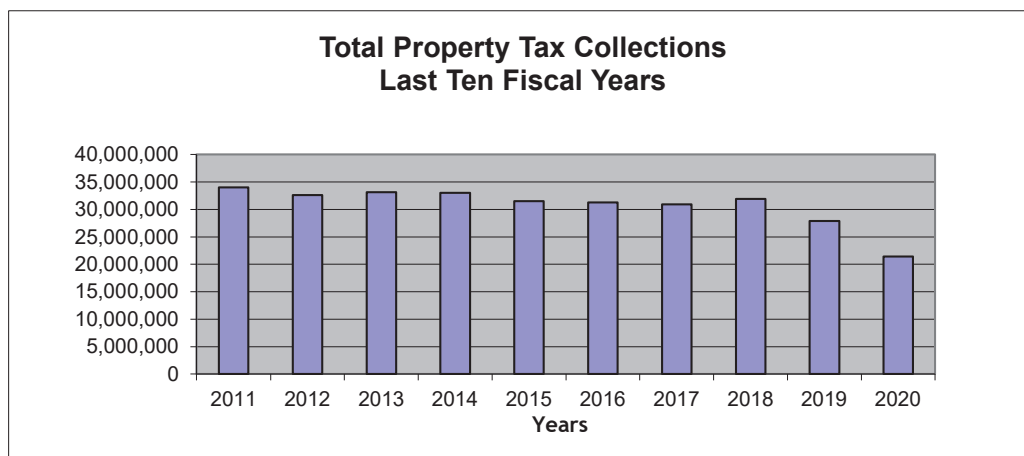
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Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Tax Collections			Outstanding Delinquent	At End of Fiscal Year (2)	As Percent of Current Levy
				Delinquent	Total	As Percent of Current Levy			
				Computed Amount	Amount				
2011	\$ 34,058,168	\$ 31,830,367	93.46%	\$ 2,150,364	\$ 33,980,731	99.77%	\$ 77,437		0.23%
2012	32,693,624	30,092,517	92.04%	2,515,690	32,608,207	99.74%	85,417		0.26%
2013	33,280,733	31,079,168	93.38%	2,075,857	33,155,025	99.62%	125,708		0.38%
2014	33,169,073	30,643,027	92.38%	2,386,300	33,029,327	99.58%	139,746		0.42%
2015	31,769,767	30,122,272	94.81%	1,394,160	31,516,432	99.20%	253,335		0.80%
2016	31,753,778	30,451,031	95.90%	838,095	31,289,126	98.54%	464,652		1.46%
2017	32,108,130	29,588,251	92.15%	1,308,790	30,897,041	96.23%	1,211,089		3.77%
2018	33,529,282	25,222,970	75.23%	6,666,242	31,889,212	95.11%	1,640,070		4.89%
2019	30,428,938	23,330,091	76.67%	4,570,249	27,900,340	91.69%	2,528,598		8.31%
2020	30,511,970	21,430,120	70.24%	-	21,430,120	70.24%	9,081,850		29.76%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.



CITY OF PETERSBURG, VIRGINIA

Ratios of Outstanding Obligations by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						School Qualified Zone Academy Bonds
	General Obligation Bonds (3)	Stormwater Revenue Bonds	State Literary Loans	Capital Leases	Notes Payable		
2011	\$ 24,538,328	\$ -	\$ 4,300,000	\$ 1,320,235	\$ 3,155,393	\$	6,795,695
2012	23,940,398	-	3,875,000	1,098,460	2,574,563		6,795,695
2013	27,807,281	-	3,450,000	1,788,320	1,971,081		6,795,695
2014	29,432,511	-	3,025,000	1,883,854	1,346,407		6,795,695
2015	33,873,564	-	2,600,000	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

(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

Table 11

Business-Type Activities					
General Obligation Bonds (3)	Capital Leases	Total Primary Government	Population (1)	Percentage of Personal Income (2)	Net Obligations per Capita
\$ 5,707,673	\$ 281,978	\$ 46,099,302	32,420	N/A	1,422
5,310,603	247,334	43,842,053	32,948	N/A	1,331
5,031,261	155,832	46,999,470	33,112	N/A	1,419
5,333,060	4,321,572	52,138,099	33,112	N/A	1,575
12,650,371	5,276,761	66,599,021	32,421	N/A	2,054
12,426,745	5,058,898	64,266,696	32,421	N/A	1,982
12,036,009	4,772,740	58,908,399	32,420	N/A	1,817
11,745,632	4,476,931	66,517,199	31,746	N/A	2,095
11,444,359	4,246,701	61,664,542	31,430	N/A	1,962
10,904,196	3,993,107	57,832,019	31,673	N/A	1,826

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

Fiscal Year Ended June 30,	Population (1)	Assessed Value (in thousands) (2)	General Bonded Debt	Net Bonded Debt	Percentage of Net General Obligation Debt to Assessed Value	Net General Bonded Debt per Capita
2011	32,420	2,201,908,017	30,246,001	30,246,001	1.37%	933
2012	32,948	2,103,969,029	29,251,001	29,251,001	1.39%	888
2013	33,112	2,172,997,945	32,838,542	32,838,542	1.51%	992
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	31,746	2,186,364,151	52,772,784	52,772,784	2.41%	1,662
2019	31,430	2,142,220,317	50,976,853	50,976,853	2.38%	1,622
2020	31,673	2,140,440,251	47,950,384	47,950,384	2.24%	1,514

(1) United States Census

(2) From Table 7

Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin
Fiscal Year Ended June 30, 2020

	<u>Total Direct Debt (1)</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
City of Petersburg	\$ 42,934,716	100%	\$ 42,934,716
Total assessed value of real estate			\$ <u>1,956,730,916</u>
10% legal debt limit			\$ <u><u>195,673,092</u></u>

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

General Obligation Bonds	\$ 37,046,188
Stormwater Revenue Bonds	2,120,000
State Literary Fund Loans	100,000
Capital leases	0
School Qualified Zone Academy Bonds	<u>3,668,528</u>
Total	\$ <u><u>42,934,716</u></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:								
2011	\$ 8,125,447	\$ 6,827,933	\$ 1,297,514	\$ 351,353	\$ 88,617	\$ 439,970	2.95	
2012	9,539,367	7,764,599	1,774,768	378,836	69,882	448,718	3.96	
2013	9,136,228	7,975,742	1,160,486	352,804	42,689	395,493	2.93	
2014	9,108,568	7,497,926	1,610,642	119,539	35,715	155,254	10.37	
2015	8,759,321	8,216,426	542,895	122,433	31,147	153,580	3.53	
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	
Golf Course Fund:								
2011	\$ 565,626	\$ 872,469	\$ (306,843)	\$ 59,859	\$ 194,507	\$ 254,366	-1.21	
2012	683,792	898,701	(214,909)	63,000	190,595	253,595	-0.85	
2013	709,000	858,007	(149,007)	64,750	187,372	252,122	-0.59	
2014	701,000	930,327	(229,327)	68,250	201,053	269,303	-0.85	
2015	694,111	978,731	(284,620)	88,257	201,813	290,070	-0.98	
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	

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	Unemploy- ment Rate	Population (1)
2011	20,785	4,278	11.80%	32,420
2012	22,513	4,121	10.10%	32,948
2013	22,508	4,478	10.70%	33,112
2014	21,477	4,557	10.20%	33,112
2015	21,185	4,318	9.30%	32,421
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

Census Statistics

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

(1) Weldon Cooper Center for Public Service.

Major Private Employers
Fiscal Year Ended June 30, 2020

Company	Description of Business	Approximate Employment	
		Current	Percentage of Total City Employment
Good Neighbor Holdings, LLC	Mental Health/Residential services	1000+	7.19%
Southside Regional Medical Center	Hospital medical services	1000+	7.19%
Amsted Rail Company, Inc.	Roller bearings	250-499	2.52%
Wal-Mart	Retail sales	250-499	2.52%
Horizon Mental Health Management, Inc.	Medical services	250-499	2.52%
Quality Plus Service	Engineering/Construction	250-499	2.52%
District 19 Mental Health and Retardation Services	Medical services	100-249	1.08%
Communicare Health Service	Medical services	100-249	1.08%
CFS Group Disposal & Recycling	Waste management	100-249	1.08%
Four Square Industrial Constructors	Engineering/Construction	100-249	1.08%

Source: Virginia Employment Commission-LMI-Labor Market Information

Total Virginia Employment Commission, Quarterly Census of Employment and Wages (QCEW), 2017

People who live and work in the area	2,599
In-commuters	10,400
Total City employment	12,999
In-commuters	7,786
Total City employment	20,785

Data for the previous ninth year is unavailable at publication.

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City:										
Salaried	789	770	773	770	608	351	497	649	631	639
Part-time temporary	332	320	322	300	229	154	119	93	99	81
Public safety										
Police protection	160	160	160	166	152	92	104	125	108	108
Fire protection	97	100	98	98	98	65	75	80	78	78
Jail facilities	88	94	94	95	95	0	0	0	0	0
School Board										
Administrative personnel	33.5	37	37	37	37	37	43	48	49	43
Instructional personnel	529.5	617	617	617	617	592	564	460	531	396
All other personnel	167.5	183	183	183	183	164	144	154	135	173
Totals *	<u>1,852</u>	<u>1,927</u>	<u>1,932</u>	<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>

Source: Human Resources and School Board

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

CITY OF PETERSBURG, VIRGINIA

Operating Indicators by Function Last Ten Fiscal Years

	2011	2012	2013	2014	2015
Police protection:					
Law violations	n/a	n/a	6,776	6,165	6,022
Traffic violations	11,011	11,194	8,390	6,429	6,005
Arrests reported:					
Adults	2,679	3,727	3,194	2,626	2,252
Juveniles	105	111	95	77	45
Calls for service	70,564	70,892	37,572	44,550	49,485
Jail facility inmates:					
Jail	184	140	191	178	n/a
Jail annex	30	25	26	30	n/a
Riverside Regional	132	115	86	100	n/a
Community Development:					
Building permits:					
Number issued	925	1,084	904	865	771
Valuation	\$ 60,225,074	\$ 30,400,872	38,993,367	16,068,316	31,578,787
Public Utilities:					
Number of active consumers	11,165	11,165	11,388	12,297	12,297
Water purchased (annually)-gallons	1.900 billion	1.800 billion	1.73 billion	1.6 billion	1.6 billion

n/a = not available at publication

Source: Individual City departments

Table 18

2016	2017	2018	2019	2020
6,027	6,215	7,431	7,966	6,561
5,762	5,904	13,116	9,375	7,354
2,088	1,911	3,176	3,471	2,496
23	75	79	66	30
47,561	47,961	53,406	48,289	45,533
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
208	716	557	471	589
13,906,675	28,853,709	16,093,502	18,974,495	2,116,554
11,896	11,986	11,503	11,560	n/a
1.8 billion	1.72 billion	1.80 billion	1.74 billion	n/a

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire protection:										
Number of stations	4	4	4	3	3	4	4	4	4	4
Public works:										
Streets and sidewalks:										
Streets - primary - miles	107	107	107	107	107	107	104	104	104	104
Streets - secondary - miles	281	281	281	281	281	281	291	291	291	291
Sidewalks - miles	72	72	72	72	72	72	72	72	72	72
Street lights	3,090	3,090	3,090	3,335	3,335	3,335	3,540	3,560	3,560	3,560
Traffic signals:										
Signalized intersections	57	58	58	62	62	47	47	47	47	47
Lights	1,430	1,450	1,450	1,450	1,450	1,330	1,330	1,330	1,330	1,330
Heads	467	464	464	464	464	455	455	455	455	455
Curbs	39	39	39	39	39	39	39	39	39	39
School signals (flashing lights)	11	18	18	18	18	18	20	19	19	19
Other signals (flashing lights)	4	7	7	7	7	7	7	7	7	7
Caution flashing lights	17	14	14	14	14	14	0	0	0	0
Pedestrian signals	54	112	112	112	112	112	112	112	112	112
Sewers:										
Storm - miles	19	19	19	19	19	19	19	19	140	140
Sanitary - miles	191	211	211	211	211	211	211	211	211	200
Wastewater Pump Stations									18	18
Public Utilities:										
Water mains - miles	254	275	275	275	275	275	260	260	225	225
Number of hydrants	1,230	1,378	1,378	1,378	1,378	1,375	1,378	1,378	1,500	1,500
Water pump stations									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	1	1	1	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	2	1	1	1	1	1	1	1	1	1
Tennis courts (lighted)	14	14	14	14	14	9	9	9	9	9
Recreation centers	3	3	3	3	3	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



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia as of and for the year ended June 30, 2020, 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 February 11, 2021.

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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses (2020-001, 2020-002, 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, 2020-008, 2020-009, 2020-010, 2020-011).

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 items 2020-012, 2020-013, 2020-014.

City of Petersburg, Virginia's Response to Findings

City of Petersburg, Virginia's response to the findings identified in our audit is 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.



Charlottesville, Virginia
February 11, 2021

**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

We have audited the City of Petersburg, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Petersburg, Virginia's major federal programs for the year ended June 30, 2020. City of Petersburg, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Basis for Qualified Opinion on Workforce Investment Act Cluster

As described in the accompanying schedule of findings and questioned costs, the City of Petersburg, Virginia did not comply with requirements regarding CFDA 17.258/17.259/17.278 Workforce Investment Act Cluster as described in finding numbers 2020-015 for subrecipient monitoring. Compliance with such requirements is necessary, in our opinion, for the City of Petersburg, Virginia to comply with the requirements applicable to that program.

Qualified Opinion on Workforce Investment Act Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Petersburg, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Workforce Investment Act Cluster for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Petersburg, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Other Matters

City of Petersburg, Virginia's response to the noncompliance findings identified in our audit is 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 compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-015 to be material weaknesses.

Report on Internal Control Over Compliance (continued)

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.

City of Petersburg, Virginia's response to the internal control over compliance findings identified in our audit is 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 compliance and, accordingly, we express no opinion on the response.

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, Fournel, Cox Associates

Charlottesville, Virginia
February 11, 2021

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Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA 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	\$ -	\$ 826,988
<u>DEPARTMENT OF TRANSPORTATION:</u>				
<u>Direct payments:</u>				
Federal Transit Cluster:				
COVID-19-Federal Transit - Formula Grants	20.507	N/A	\$ -	\$ 300,000
Federal Transit - Formula Grants	20.507	N/A	-	1,855,492
Total Federal Transit Cluster				\$ 2,155,492
<u>Pass through payments:</u>				
Division of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	Unknown	\$ -	\$ 69,308
Total Department of Transportation			\$ -	\$ 2,224,800
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
<u>Pass through payments:</u>				
Department of Housing and Community Development:				
Community Development Block Grants / States Program and Non-entitlements Grants in Hawaii	14.228	53505-49380	\$ -	\$ 486,923
<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	\$ -	\$ 27,299
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	0400111	-	687,407
Refugee and Entrant Assistance State/Replacement				
Designee Administered Programs	93.566	0500111	-	911
Low-Income Home Energy Assistance	93.568	0600411	-	126,023
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	-	125,889
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110	-	1,693
Foster Care-Title IV-E	93.658	1100111	-	769,271
Adoption Assistance	93.659	1120111	-	726,204
Social Services Block Grant	93.667	1000111	-	642,705
John H. Chafee Foster Care Program for Successful				
Transition to Adulthood	93.674	9150110	-	6,030
Children's Health Insurance Program	93.767	0540111	-	14,952
Medicaid Cluster:				
Medical Assistance Program	93.778	1200111	-	880,575
Total Department of Health and Human Services			\$ -	\$ 4,008,959

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2020 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>DEPARTMENT OF JUSTICE:</u>				
<u>Pass through payments:</u>				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	39001-46000	\$ -	\$ 267,817
Public Safety Partnership and Community Policing Grants	16.710	Unknown	-	4,839
Total Department of Justice			\$ -	\$ 272,656
<u>DEPARTMENT OF TREASURY:</u>				
<u>Pass through payments:</u>				
Virginia Department of Accounts:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$ -	\$ 1,177,944
<u>DEPARTMENT OF LABOR:</u>				
<u>Pass through payments:</u>				
Virginia Community College System:				
WIOA Cluster:				
WIOA Adult Program	17.258	LWA 15-16-03 & LWA 15-15-03	\$ 402,922	\$ 402,922
WIOA Youth Activities	17.259	LWA 15-16-03 & LWA 15-15-03	259,051	259,051
WIOA Dislocated Worker Formula Grants	17.278	LWA 15-16-03 & LWA 15-15-03	629,536	629,536
Total Department of Labor/WIOA Cluster			\$ 1,291,509	\$ 1,291,509
Total Primary Government			\$ 1,291,509	\$ 10,289,779

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2020 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
COMPONENT UNIT-SCHOOL BOARD:				
DEPARTMENT OF AGRICULTURE:				
<u>Pass through payments:</u>				
Child Nutrition Cluster:				
Department of Agriculture and Consumer Services:				
Food Distribution	10.555	Unknown	\$ -	\$ 136,490
Department of Education:				
COVID-19 -National School Lunch Program	10.555	17901-40623	\$ -	84,217
National School Lunch Program	10.555	17901-40623	-	981,617
				\$ 1,202,324
COVID-19 - School Breakfast Program	10.553	17901-40591	\$ -	47,410
School Breakfast Program	10.553	17901-40591	-	546,572
				593,982
COVID-19 - Summer Food Service Program for Children	10.559	Unknown	\$ -	196,249
Summer Food Service Program for Children	10.559	Unknown	-	153,383
				349,632
Total Child Nutrition Cluster			\$ -	\$ 2,145,938
Child and Adult Care Food Program	10.558	17901-40599	-	3,804
Fresh Fruit and Vegetable Program	10.582	17901-40599	-	149,930
Total Department of Agriculture			\$ -	\$ 2,299,672
DEPARTMENT OF DEFENSE:				
<u>Direct payments:</u>				
ROTC Instruction	12.000	N/A	\$ -	\$ 52,214
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Pass through payments:</u>				
City of Richmond, Virginia:				
Head Start (Head Start Cluster)	93.600	Unknown	\$ -	\$ 1,105,866
DEPARTMENT OF EDUCATION:				
<u>Pass through payments:</u>				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ -	\$ 3,203,906
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	17901-43071	\$ -	\$ 965,270
Special Education Preschool Grants	84.173	17901-62521	-	23,494
Total Special Education Cluster			\$ -	\$ 988,764
Preschool Development Grants	84.419	S419B150010	-	80,803
Career and Technical Education - Basic Grants to States	84.048	17901-61095	-	112,731
Education for Homeless Children and Youth	84.196	Unknown	-	1,737
School Improvement Grants	84.377	17901-43040	-	1,189,133
English Language Acquisition State Grants	84.365	17901-60512	-	14,842
Supporting Effective Instruction State Grants	84.367	17901-61480	-	201,243
Student Support and Academic Enrichment Program	84.424	17901-61480	-	227,377
COVID-19 - Education Stabilization Fund	84.425D	Unkown	-	72,031
Total Department of Education			\$ -	\$ 6,092,567
Total Component Unit School Board			\$ -	\$ 9,550,319
Total Expenditures of Federal Awards			\$ 1,291,509	\$ 19,840,098

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, 2020

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, 2020. 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	\$ 4,840,785
Nonmajor governmental funds	3,293,502
Mass Transit Fund	2,155,492

Component Unit:

School Board	9,550,319
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Total federal expenditures per basic financial statements	\$ 19,840,098
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 19,840,098
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CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

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?	Yes
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516 (a)?	Yes
Identification of major programs:	

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559 10.561	Child Nutrition Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.778	Medical Assistance Program
20.507	Federal Transit Cluster
93.659	Adoption Assistance
17.258/17.259/17.278	WIOA Cluster
21.019	COVID-19 - Coronavirus Relief Fund
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2020-001 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:

We Concur: We Concur: This is a function that falls under the Treasurer's Office. Although the Office of Billing and Collections was created in November of 2017, during the transition, reconciliation remained a function of the Treasurer's Office. Although the Council passed an Ordinance "19-ORD-23" on May 7, 2019 to transfer this function to the Collector of Taxes, this effort was halted based on legal action taken by the Treasurer to prevent transfer of the functions. The decision was made based on the inability of the Treasurer's Office to complete this task. During the interim, the City sought a memorandum of understanding with the Office of the Treasurer to assume responsibility of this function and executed a MOU on July 14, 2020. Billing and Collections has been provided BAI processes to ensure that the Utility Billing Subsidiary System reconciles to the General Ledger, reference BAI Document UT6008 and UT6009.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-002 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:

We Do Not Concur: This was previously presented as Finding “2016-06 Material Weakness: Insufficient Documentation for Water and Sewer Connection Charges”. For the CAFR for the year ending June 30, 2017, this finding was listed as not present. In 2017-006 Material Weakness - Insufficient Listing for Water and Sewer Customer Deposit.

After reviewing the finding staff has determined that our current system does track deposits and a report can be generated from a query at any time. Billing and Collections generates report UT203 Summary Charges Report prior to the bill run monthly. The reports show monthly customer deposits summarized and detailed.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-003 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 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.

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:

We Concur: This is a function that falls under the Treasurer's Office. Although the Office of Billing and Collections was created in November of 2017 during the transition, reconciliation remained a function of the Treasurer's Office. Based in large part due to the inability, given the limited staff in the Treasurer's Office to complete and successfully manage the necessary financial and accounting function for the City. In January 2019, the Petersburg City Council requested a change to the City Charter to remove the financial functions from the Office of the Treasurer and move them to the Collector of Taxes to be performed by the Finance Department. Unfortunately, the State did not pass the requested amendment. A second attempt to address the issue was when the City Council passed Ordinance "19-ORD-23" on May 7, 2019, to transfer all financial functions to the Collector of Taxes. This effort, although deemed in line with the charter definition of the Collector of Taxes function, was halted based legal action taken by the Treasurer to prevent transfer of the functions.

During the interim, the City sought a memorandum of understanding (MOU) with the Office of the Treasurer to assume responsibility of this function. As of July 14, 2020, a MOU was executed, and Billing and Collections will produce a monthly and year-end report of delinquent property taxes for the Treasury Department to reconcile to the Treasurer's Accountability Fund. The listing will be produced when accounts are 30 days delinquent and when new bills are generated. This process will be included in our policies and procedures.

Although this finding was present in this CAFR, City staff provided the new administrative policies and procedures to our auditors in July of 2020, so we anticipate this finding being removed by the issuance of the FY 2021 CAFR.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-004 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 20 until July 2020. Therefore, the City's general ledger was not accurate or reliable for the entire fiscal year ended June 30, 2020.

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.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-004 Material Weakness - Insufficient Accounting and Financial Reporting Throughout the Fiscal Year: (Continued)

Management Response:

In July 2017, a new City Manager and Finance Director were hired. Prior to that time the Robert Bobb group was hired to conduct an organization assessment and as a result the new budget included an expanded Finance and Budget Team. Since that time, the City has worked to recruit and retain critical staff with accounting expertise. In November of 2017, the Billing and Collections function was made part of this team and in January 2018, all Financial functions were placed under a Chief Financial/Operating Officer. In January 2018, a transition occurred in the Treasurer's Office with election of a new official. Since then staffing transition has resulted in a limited depth and expertise in the Office. As a result, the Petersburg City Council proposed a charter change to remove all financial functions from the Treasurer's Office to the Collector of Taxes via the Finance Office. This effort failed; however, City Council passed an Ordinance "19-ORD-23" on May 7, 2019 to transfer this function to the Collector of Taxes. This effort was halted based on legal action taken by the Treasurer to prevent transfer of the functions.

Given the continued challenge, the City has worked to increase the number of positions in the Finance Department and Budget Office to ensure it is staffed with the appropriate competencies and adheres to best practices. During Fiscal Year 2017-2018, the total staff was increased to 11 with greater emphasis on accounting staff.

Throughout the fiscal year the City Budget and Procurement Department developed and presented to Council monthly budget-to-actual reports.

The City has contracted the Internal Auditor function with an accounting firm who will be responsible to ensure that all the check-list items development during the audit are conducted in a timely manner.

The Finance Department has drafted policies and procedures and a monthly checklist has been created to ensure that all primary functions of the Finance Department are being completed in a timely and accurate fashion to prevent this finding in the future. It is important to note that adjustments will continue to be performed after the end of the fiscal year during the City's adjustment period and to accommodate the 60-day accrual period. Any reconciling items are tracked at the end of each fiscal period or month for resolution prior to the close of the fiscal year. The City will evaluate the timing and timeline upon which it engages its audit preparation (pre-audit) consultants.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-005 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 Finance Department has developed policies and procedure to ensure that the City of Petersburg's Financial Statements are in accordance with GAAP, and to prevent this finding in the future.

Although this finding was present in this CAFR, City staff provided the new administrative policies and procedures to our auditors in July of 2020, so we anticipate this finding being removed by the issuance of the FY 2021 CAFR. The City will also evaluate the role and timing or timeline of the work performed by its audit preparation (pre-audit) consultants in light of expectations set in the Treasurer MOU and intended scope of the contract.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-006 Material Weakness - Unrecorded Workforce Investment Act Federal Grant

Criteria: All revenues and expenditures related to federal grants in which the City is listed as the Subrecipient should be recorded in the financial statements in accordance with Generally Accepted Accounting Principles.

Condition: The City is the subrecipient of a federal Workforce Investment Act grant that has been passed-through from the Virginia Community College System. The City then has passed-through these grant funds to the Crater Regional Workforce Investment Board & Learn to Earn, Inc. The City did not record \$1,291,509 of grant revenue and pass-through expenditures in its financial statements in accordance with Generally Accepted Accounting Principles.

Cause: The City does not request and drawdown grant funds from the Virginia Community College System. Instead the Crater Regional Workforce Investment Board & Learn to Earn, Inc. requests and is sent grant funds directly from the Virginia Community College System. As a result of this process, the City failed to recognize and record \$1,291,509 of grant revenues and pass-through expenditures for FY 20.

Effect: Because of the adjustment, the financial statements and the Schedule of Expenditures of Federal Awards were materially misstated.

Recommendation:

We recommend the City implement procedures to ensure all federal grants in which the City is the subrecipient are identified and recorded in the financial statements and the schedule of expenditures of federal awards as required by Generally Accepted Accounting Principles.

Management Response:

We do not Concur: The City is not a pass-through recipient of the grant. Although we are listed as a sub-grantee, the funds remain in the Virginia Community College budget for draw-down as needed by the Workforce Board. The City has, however, taken a proactive role in oversight of the Workforce program per the request of the State of Virginia. During the prior fiscal year, the City managed a forensic audit of the program and the funding and will take additional steps to oversee the funding associated with the program. We will work with the Virginia Community College System to determine the best way to address this issue moving forward. To address this issue Grants will be recorded accurately in the financial statements as well as in accordance with GAAP.

The City no longer appropriates this funding. As of July 31, 2020, this position was removed from the City's general fund and we no longer oversee the forensic audit. Therefore, we anticipate this finding being removed from the FY2021 issuance of the CAFR.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-007 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: 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 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.

Management Response:

We concur with the recommendation.

- The City's Finance Department has drafted an overall City grant policy to ensure the City's Federal revenues are appropriately accounted for, including maintaining a list of all Federal grants received to include 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 to prevent findings like this in the future.
- Also, the City will identify staff resources to monitor the City's posting of Federal grant revenues in order to prevent the City's Schedule of Expenditures of Federal Awards from being materially misstated in the City's CAFR. This will be a joint effort across all City Departments.
- Although this finding was present in this CAFR, City staff provided the new administrative policies and procedures to our auditors in July of 2020, so we anticipate this finding being removed by the issuance of the FY 2021 CAFR.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-008 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 20 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 20 were not completed until November 2020.

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:

Although the primary responsibility falls with the Office of the Treasurer, the Finance Department has begun to partner with the Treasurer's Office under the July 2020 executed MOU to review monthly bank outstanding reconciliation items to ensure that they are completed, accurately and timely so that Finance is able to close the month and is aware of outstanding reconciling items when doing so. The role our audit preparation (pre-audit) consultants play will be evaluated in accordance with the terms of the Treasurer MOU and scope of the contract.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-009 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 20 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:

Although the primary responsibility falls with the Office of the Treasurer, the Finance Department has begun to partner with the Treasurer's Office under the July 2020 executed MOU to review monthly bank outstanding reconciliation items to ensure that they are completed, accurately and timely so that Finance is able to close the month and is aware of outstanding reconciling items when doing so. The role our audit preparation (pre-audit) consultants play will be evaluated in accordance with the terms of the Treasurer MOU and scope of the contract. The timing or timeline upon which the audit preparation (pre-audit) consultants are engaged with also be evaluated.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-010 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 20 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 Finance Department has worked with the Financial Systems vendor to log a ticket with the City's Financial System. And Query GLMONTH has been created to review all general ledger holding files and make sure that all entries net to \$0. This report is generated and reviewed monthly. Finance has also created Journal Entry templates to ensure that the entries that cross funds include entries for the Treasurer's Accountability Fund. Finance will also work with Human Resource (HR), Information Technology (IT) as well as Budget staff to ensure that these departments understand the importance of reaching out to Finance prior to or in an effort to avoid bypassing and overriding an error message when received within the BAI system. The above condition resulted from HR Deduction Codes that were not completely configured (e.g., like Procurement's Inventory Codes).

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-011 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 20 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:

Finance has drafted policies and procedures; a monthly checklist has been created to ensure that all primary functions of the Finance Department are being completed in a timely and accurate fashion. Finance has also been working with the Treasurer's Office under the July 2020 executed MOU to ensure that all General Demand Bank account debits have been posted to the GL. All entries that cannot be posted are considered reconciling items. This will continue to be a joint effort between Finance, Billing and Collections as well as the Treasurer's Office as they play a key role in making sure that information is posted correctly, and errors are corrected so that the month can be closed.

Although this finding was present in this CAFR, City staff provided the new administrative policies and procedures to our auditors in July of 2020, so we anticipate this finding being removed by the issuance of the FY 2021 CAFR.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-012 Compliance Finding - Prompt Payment of Bills by Localities

Criteria: In accordance with Virginia Code Section 2.2-4352 *Prompt Payment of Bills by Localities*, local governments that acquire goods or services, or conducts any other type of contractual business with a nongovernmental, privately owned enterprise, shall promptly pay for the completed delivered goods or services by the required payment date. The required payment date is either the due date of the invoice or, if no due date is noted, not more than forty-five days after goods or services are received or not more than forty-five days after this invoice is rendered.

Condition: We tested 40 individual disbursements as part of our random test of disbursements and 16 out of 40 disbursements tested contained invoices that were paid late.

Cause: The invoices were not process before the due date of the invoice.

Effect: Late payment to vendors can lead to payment of late fees, interest and the potential for litigation.

Recommendation:

We recommend the City pay its vendors in a timely manner.

Management Response:

Finance has drafted policies and procedures, as well as various accounts payable logs to ensure that vendors are being paid in a timely fashion when invoices are received in accordance with the Prompt Pay Act. Although the Finance Department continues to receive past due bills from other departments, the invoices are processed and paid upon receipt of our office.

The City has strived to ensure accurate payments are made; and therefore, the “check and balance” verification process is labor intensive and takes a significant amount of time. Once that verification is complete, the Finance department promptly processes and pays bills upon receipt. To increase City-wide accountability for the prompt payment of bills, Finance will communicate with the departments that represent the 16 untimely paid disbursements above and request that actionable steps be identified by these departments to ensure the prompt submission of invoices to Finance for timely payment.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-013 Compliance Finding - Special Welfare Bank Account

Criteria: Individuals/clients with sustained Special Welfare balance must be deposited in separate interest-bearing accounts.

Condition: The Special Welfare bank account is not an interest bearing account.

Cause: When the Special Welfare bank account was established, it was not set up as an interest bearing account.

Effect: Individuals/clients with sustained Special Welfare balances are not earning interest as required.

Recommendation:

We recommend the City establish an interest bearing account for Special Welfare.

Management Response:

We concur with the recommendation. The Department of Social Services and Finance will partner with the Treasurer's Office under the July 2020 executed MOU to ensure that the account is an interest-bearing account. A new banking relationship is currently being established and once determined the account will be set to be designated as an interest-bearing account to comply with this finding.

The City established this interest-bearing account in October 2020. The City anticipates the finding being removed by the issuance of the FY 2021 CAFR.

2020-014 Compliance Finding - Special Welfare Ledger

Criteria: The Special Welfare ledger account maintained by the Department of Social Services should be reconciled with the Special Welfare bank statement maintained by the City's Treasurer Office.

Condition: The Special Welfare ledger account maintained by the Department of Social Services does not reconcile with the Special Welfare bank statement maintained by the City's Treasurer Office.

Cause: The City did not have procedures in place to reconcile the Special Welfare ledger and the Special Welfare bank account.

Effect: Errors could occur without being detected in the Special Welfare Ledger or Special Welfare Bank Account.

Recommendation:

We recommend the Special Welfare ledger and Special Welfare bank account are reconciled on a monthly basis and that any discrepancies are investigated, documented, and corrected.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2020-014 Compliance Finding - Special Welfare Ledger: (Continued)

Management Response:

We concur with the recommendation. Although the primary responsibility rests within the Office of the Treasurer, Social Services and Finance will partner with the Treasurer's Office under the July 2020 executed MOU. The City will develop and implement procedures to ensure the Special Welfare ledger and Special Welfare bank account are reconciled on a monthly basis and all discrepancies are investigated, documented, and/or corrected.

The City established an interest-bearing special welfare ledger account in October 2020. The City anticipates the finding being removed by the issuance of the FY 2021 CAFR. The role our audit preparation (pre-audit) consultants play will be evaluated in accordance with the terms of the Treasurer MOU and scope of the contract. The timing or timeline upon which the audit preparation (pre-audit) consultants are engaged with also be evaluated.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2020-015 Federal Award Finding - Subrecipient Monitoring:

Program: Workforce Investment Act Cluster (CFDA 17.258/17.259/17.278 - Department of Labor)

Federal Award Number: LWA 15-19-03 Year: 2019
Federal Award Number: LWA 15-18-03 Year: 2018

Criteria: Federal awards that are passed-through to a subrecipient are subject to Subrecipient Monitoring requirements under OMB Uniform Guidance. A pass-through entity is responsible for the following; Determining Subrecipient Eligibility, Award Identification, During-the-Award Monitoring, and ensuring that subrecipients expending \$750,000 or more in Federal Awards during the fiscal year have met the audit requirements of 2 CFR part 200, subpart F of Uniform Guidance.

Condition: The City was not performing During-the-Award Monitoring of its subrecipients. Further, the City was not ensuring that its subrecipients were meeting the audit requirements of 2 CFR part 200, subpart F of Uniform Guidance.

Context: The City passed-through Workforce Investment Grant funds to the Crater Regional Workforce Investment Board & Learn to Earn, Inc. The City was not monitoring the subrecipient's use of the Federal awards through reporting, site visits, regular contact or any other means to provide reasonable assurance that the subrecipient administers the federal awards in compliance with laws, regulations, and the provisions of the grant agreements and that performance goals were being met. Further, the City was not ensuring that the Crater Regional Workforce Investment Board & Learn to Earn, Inc. was meeting the audit requirements of 2 CFR part 200, Subpart F of the Uniform Guidance.

Cause: City personnel were not aware of its subrecipient monitoring requirements.

Effect: The City has not complied with its subrecipient monitoring requirements. Noncompliance could lead to loss of grant funds.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020 (Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS: (CONTINUED)

2020-015 Federal Award Finding - Subrecipient Monitoring: (Continued)

Questioned Costs: N/A

Recommendation:

We recommend the City implement procedures to ensure compliance with grant funds and the related grant awards.

Management Response:

The City has drafted an overall City grant policy to ensure the City's Federal revenues are appropriately accounted for, including maintaining a list of all Federal grants received to include the CFDA to prevent findings like this in the future.

Although this finding was present in this CAFR, City staff provided the new administrative policies and procedures to our auditors in July of 2020, so we anticipate this finding being removed by the issuance of the FY 2021 CAFR

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CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings Year Ended June 30, 2020

FINANCIAL STATEMENT FINDINGS

2019-001 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:

See finding 2020-001

2019-002 Material Weakness - Utility Billing Errors and Insufficient Edit Checks

Condition: During FY19, utility bills were processed and mailed with substantial errors, whereby customers were billed for utilities in amounts that were far in excess of a reasonable bill.

Recommendation:

We recommend the City implement procedures to ensure adequate edit checks are preformed prior to finalizing the billings.

Current status:

This finding is not present in current year.

2019-003 Material Weakness - Lack of Internal Controls over Adjustments to Customer Utility Accounts

Condition: Based on our testing and pursuant to discussions with City personnel, for a majority of the fiscal year ending June 30, 2019, there were no internal controls in place over the adjustment of customer utility accounts.

Recommendation:

We recommend the City implement internal controls over adjustments to customer utility accounts to prevent unauthorized write-offs to customer accounts.

Current status:

This finding is not present in current year.

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings Year Ended June 30, 2020 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-004 Material Weakness- Lack of Documentation Over Adjustments to Utility Billings

Condition: During the fiscal year ending June 30, 2019, the City recorded material adjustments to utility bills, however, the City did not retain documentation supporting the purpose or reason adjustments were necessary.

Recommendation:

We recommend the City retain appropriate documentation to support and substantiate adjustments made to utility bills.

Current status:

This finding is not present in the current year.

2019-005 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:

See finding 2020-002

2019-006 Material Weakness - Reconciliation of Property Tax Delinquent Lists to General Ledger

Condition: During fiscal year 2019 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:

See finding 2020-003

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings Year Ended June 30, 2020 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-007 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:

See finding 2020-004

2019-008 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:

See finding 2020-005

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings Year Ended June 30, 2020 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-009 Material Weakness - Unrecorded Workforce Investment Act Federal Grant

Condition: The City is the subrecipient of a federal Workforce Investment Act grant that has been passed-through from the Virginia Community College System. The City then has passed-through these grant funds to the Carter Regional Workforce Investment Board & Learn to Earn, Inc. The City did not record \$1,249,586 of grant revenue and pass-through expenditures in its financial statements in accordance with Generally Accepted Accounting Principles.

Recommendation:

We recommend the City implement procedures to ensure all capital leases are identified and recorded in the financial statements as required by Generally Accepted Accounting Principles.

Current status:

See finding 2020-006

2019-010 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 2020-007

2019-011 Material Weakness - Lack of timely bank reconciliations performed during the year

Condition: During FY19 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 19 were not completed until May 2020.

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:

See finding 2020-08

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-012 Material Weakness - Lack of reconciliation of cash reported in funds to cash in Fund 999

Condition: During FY19 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:

See finding 2020-09

2019-013 Material Weakness - Posting of One-sided Journal Entries

Condition: During FY19 the City's finance department posted various one-sided journal entries. For example, a journal entry was posted that only included a debit of \$1,549,067.49 and did not have a corresponding credit to balance the entry.

Recommendation:

We recommend the City ensure that one sided journal entries are not posted to the accounting system.

Current status:

This finding is not present in current year.

2019-014 Material Weakness - Posting of Journal Entries that do not balance within each fund

Condition: During FY19 the City's finance department posted various journal entries that did not balance within each fund. For example, a journal entry was posted that debited one fund and credited a different fund.

Recommendation:

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

Current status:

See finding 2020-10

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-015 Material Weakness - Processing of Lockbox Receipts

Condition: During FY19 the City was not able to appropriately record and process payments received through Lockbox.

Recommendation:

We recommend the City ensure that all payments received are processed through the accounting system to ensure the accuracy of the financial statements and subsidiary ledgers.

Current status:

This finding was not present in the current year.

2019-016 Material Weakness - Lack of Monthly Financial Closing Procedures

Condition: During FY19 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 personnel 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:

See finding 2020-11

2019-017 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:

See finding 2020-012

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-018 Compliance Finding - Special Welfare Bank Account

Condition: The Special Welfare bank account is not an interest bearing account.

Recommendation:

We recommend the City establish and interest bearing account for Special Welfare.

Current status:

See finding 2020-013

2019-019 Compliance Finding - Special Welfare Ledger

Condition: The Special Welfare ledger account maintained by the Department of Social Services does not reconcile with the Special Welfare bank statement maintained by the City's Treasurer Office.

Recommendation:

We recommend the Special Welfare ledger and Special Welfare bank account are reconciled on a monthly basis and that any discrepancies are investigated, documented, and corrected.

Current status:

See finding 2020-014

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings Year Ended June 30, 2020 (Continued)

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-020 Federal Award Finding - Subrecipient Monitoring:

Program: Workforce Investment Act Cluster (CFDA 17.258/17.259/17.278 - Department of Labor)

Federal Award Number: LWA 15-16-03 Year: 2017

Federal Award Number: LWA 15-15-03 Year: 2016

Condition: The City was not performing During-the-Award Monitoring of its subrecipients. Further, the City was not ensuring that its subrecipients were meeting the audit requirements of 2 CFR part 200, subpart F of Uniform Guidance.

Recommendation:

We recommend the City implement procedures to ensure compliance with grant funds and the related grant awards.

Current status:

See finding 2020-015

2019-021 Federal Award Finding - Eligibility

Program: Adoption Assistance (CFDA 93.659 - Department of Health and Human Services)

Federal Award Number: 93.659 Year: 2019

Condition: During FY 19, there were 2 adoption assistance cases in which assistance was still being provided even though the child reached the age limit.

Recommendation:

We recommend the Department of Social Services put procedures in place to ensure assistance is only provided to eligible individuals.

Current status:

This finding is not present in the current year.