

CITY OF PETERSBURG, VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2022

City of Petersburg, Virginia

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

Prepared By:

Department of Finance

CITY OF PETERSBURG, VIRGINIA

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2022

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CITY OF PETERSBURG, VIRGINIA
CITY COUNCIL AND EXECUTIVE OFFICERS
JUNE 30, 2022

CITY COUNCIL

Samuel Parham.....	Mayor
Annette Smith-Lee.....	Vice-Mayor
Arnold Westbrook.....	Councilwoman
Charles Cuthbert.....	Councilman
Treska Wilson-Smith.....	Councilwoman
W. Howard Myers	Councilman
Darrin Hill	Councilman

CONSTITUTIONAL OFFICERS

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

CITY ADMINISTRATION

Kenneth Miller.....	Interim City Manager
Tangela Innis	Deputy City Manager
Stacey M. Jordan.....	Chief Financial Officer
Nykesha D. Jackson.....	Council Clerk
Anthony C. Williams.....	City Attorney
Brian Gordineer	City Assessor
Travis Christian	Police Chief
Tina Watkins.....	Fire Chief
Lakishah White	Director of Human Resources
Joanne Williams.....	Director of Communications
Marquis Allen	Director of Recreation & Community
Reginald Tabor	Director of Planning & Development Services
Wayne Crocker	Director Library Services
Brian Moore	Director of Economic Development
Norris Stevenson	Director of Social Services
Gerrit VanVoorhees.....	Director of Information Technology
Nicole Loving	Director of Community Corrections
Charles Koonce.....	Mass Transit Director
Randall Williams	Interim Director of Public Works & Utilities
Margo Hardy	Program Manager, PJCCP
Jamie Fagan	General Manager/PGA Golf Pro
Vacant	Executive Director of Freedom Support Center





City of Petersburg

Office of the City Manager
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Petersburg, Virginia 23803

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January 30, 2023

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

The Annual Comprehensive Financial Report* of the City of Petersburg, Virginia (the City) for the year ended June 30, 2022, 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

*GASB changes name of report to "Annual comprehensive financial report". Statement No. 98. GASB. (2021, October 19).
<https://www.gasb.org>

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 within the City limits, 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 is the third largest training site in the Army, has an average daily population of 28,580 and employs approximately 7,829 civilians. Fort Lee has an economic impact on the region of more than \$2.4 billion.

The region's primary medical services facility, Bon Secours Southside Regional Medical Center (SRMC), is in the City. The facility, which includes a nursing school and a specialty healthcare center, is the largest private employer in the City with over 1,450 employees. SRMC, 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.

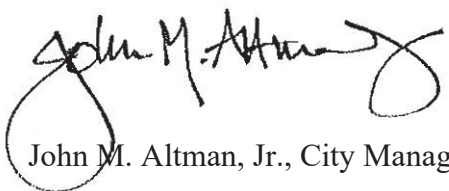
Management's Discussion and Analysis: GAAP require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement.

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 several City departments. Also, we would like to thank the Mayor and members of the City Council for the continued interest and support.

Respectfully Submitted,



John M. Altman, Jr., City Manager



Stacey M. Jordan, Chief Financial Officer

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 16, to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement Nos. 87, *Leases* and 92, *Omnibus*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2023, on our consideration of City of Petersburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Petersburg, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Petersburg, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
July 18, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

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, 2021. 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 \$109,251,359(net position).
- The City's net position increased in governmental funds and business-type activities. Governmental funds net position increased \$23,188,367 and business-type activities increased \$1,861,973.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$60,756,355 an increase of \$12,652,658 in comparison with the prior year. Unassigned fund balance for the General Fund increased from \$25,253,436 to \$39,016,279.

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 \$109,251,359 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, 2022 and 2021**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 95,158,289	\$ 72,334,956	\$ 12,194,001	\$ 9,673,206	\$ 107,352,290	\$ 82,008,162
Capital assets	60,229,294	55,508,492	44,677,100	45,149,734	104,906,394	100,658,226
Total assets	\$ 155,387,583	\$ 127,843,448	\$ 56,871,101	\$ 54,822,940	\$ 212,258,684	\$ 182,666,388
Deferred outflows of resources	\$ 12,449,438	\$ 11,648,793	\$ 1,015,906	\$ 1,080,465	\$ 13,465,344	\$ 12,729,258
Total assets and deferred outflows of resources	\$ 167,837,021	\$ 139,492,241	\$ 57,887,007	\$ 55,903,405	\$ 225,724,028	\$ 195,395,646
Long-term liabilities outstanding	\$ 47,038,507	\$ 72,475,045	\$ 14,468,383	\$ 17,852,174	\$ 61,506,890	\$ 90,327,219
Current liabilities	26,786,121	16,690,034	2,689,838	1,610,930	29,475,959	18,300,964
Total liabilities	\$ 73,824,628	\$ 89,165,079	\$ 17,158,221	\$ 19,463,104	\$ 90,982,849	\$ 108,628,183
Deferred inflows of resources	\$ 22,969,380	\$ 2,472,516	\$ 2,520,440	\$ 93,928	\$ 25,489,820	\$ 2,566,444
Net position:						
Net investment in capital assets	\$ 24,871,695	\$ 17,842,076	\$ 35,062,221	\$ 34,870,142	\$ 59,933,916	\$ 52,712,218
Restricted	7,319,665	7,322,643	518,724	517,291	7,838,389	7,839,934
Unrestricted (deficit)	38,851,653	22,689,927	2,627,401	958,940	41,479,054	23,648,867
Total net position	\$ 71,043,013	\$ 47,854,646	\$ 38,208,346	\$ 36,346,373	\$ 109,251,359	\$ 84,201,019
Total liabilities, deferred inflows and net position	\$ 167,837,021	\$ 139,492,241	\$ 57,887,007	\$ 55,903,405	\$ 225,724,028	\$ 195,395,646

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

Government-wide Financial Analysis: (Continued)

At the end of the current fiscal year, the City is able to report a positive unrestricted balance of \$38,851,653 in the Governmental-activity category of net position. The Business-type activities reported positive unrestricted position of \$2,627,401 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 23,188,367 and business-type activities increased net position by \$1,861,973. 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, 2022 and 2021

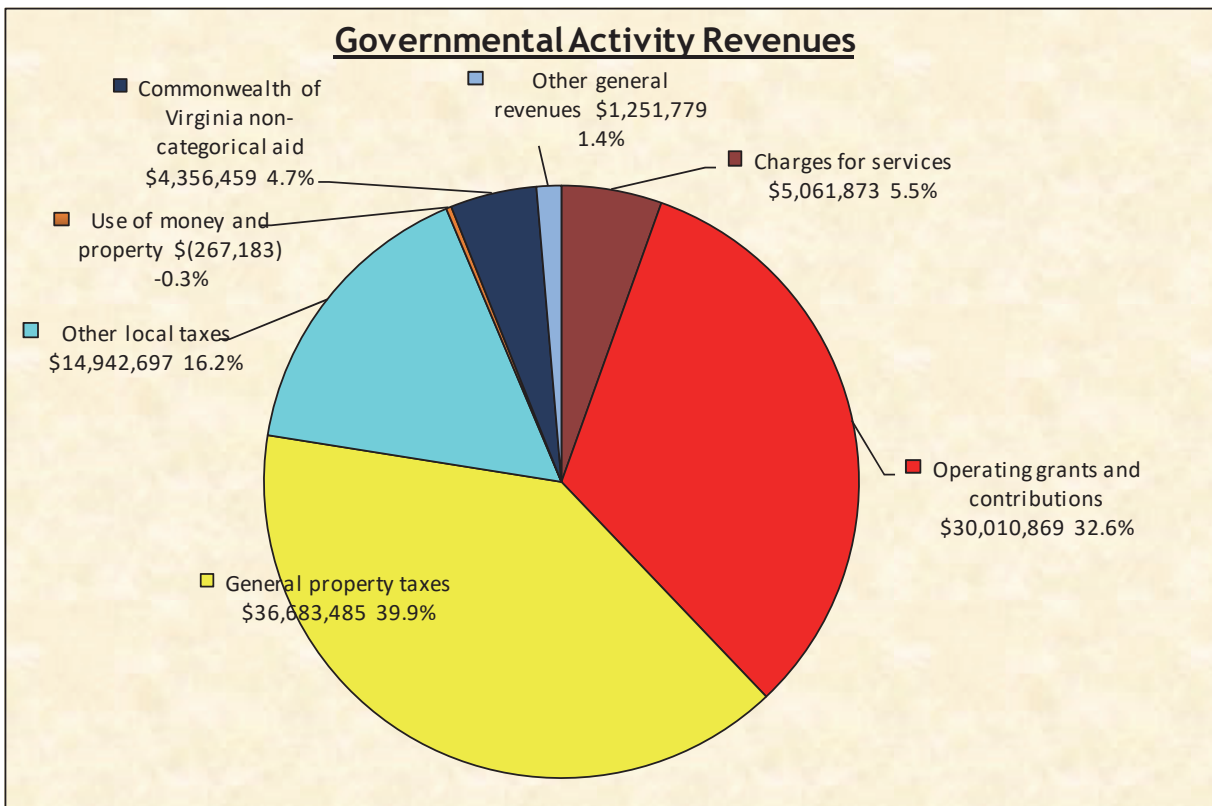
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 6,507,790	\$ 5,061,873	\$ 14,563,721	\$ 15,640,137	\$ 21,071,511	\$ 20,702,010
Operating grants and contributions	29,688,713	30,010,869	3,850,909	3,050,572	33,539,622	33,061,441
General revenues:						
General property taxes	42,444,952	36,683,485	-	-	42,444,952	36,683,485
Other local taxes	16,918,741	14,942,697	-	-	16,918,741	14,942,697
Use of money and property	(79,833)	(267,183)	1,433	-	(78,400)	(267,183)
Commonwealth of Virginia non-categorical aid	4,388,589	4,356,459	-	-	4,388,589	4,356,459
Other general revenues	396,630	1,251,779	83,587	-	480,217	1,251,779
Total revenues	<u>\$ 100,265,582</u>	<u>\$ 92,039,979</u>	<u>\$ 18,499,650</u>	<u>\$ 18,690,709</u>	<u>\$ 118,765,232</u>	<u>\$ 110,730,688</u>
Expenses:						
General government administration	\$ 7,884,004	\$ 8,196,453	\$ -	\$ -	\$ 7,884,004	\$ 8,196,453
Judicial administration	4,030,925	4,737,723	-	-	4,030,925	4,737,723
Public Safety	22,998,640	29,986,158	-	-	22,998,640	29,986,158
Public works	12,038,198	11,519,457	-	-	12,038,198	11,519,457
Health and welfare	14,502,982	15,831,573	-	-	14,502,982	15,831,573
Education	8,996,124	7,610,850	-	-	8,996,124	7,610,850
Parks, recreation, and cultural	1,907,411	1,955,150	-	-	1,907,411	1,955,150
Community development	1,005,192	1,565,541	-	-	1,005,192	1,565,541
Interest	1,753,548	1,548,769	-	-	1,753,548	1,548,769
Public Utility	-	-	12,115,671	12,683,017	12,115,671	12,683,017
Mass Transit	-	-	5,280,861	5,401,586	5,280,861	5,401,586
Golf Course	-	-	1,201,336	1,221,635	1,201,336	1,221,635
Total expenses	<u>\$ 75,117,024</u>	<u>\$ 82,951,674</u>	<u>\$ 18,597,868</u>	<u>\$ 19,306,238</u>	<u>\$ 93,714,892</u>	<u>\$ 102,257,912</u>
Increase(decrease) in net position before transfers	\$ 25,148,558	\$ 9,088,305	\$ (98,218)	\$ (615,529)	\$ 25,050,340	\$ 8,472,776
Transfers	<u>(1,960,191)</u>	<u>(1,367,865)</u>	<u>1,960,191</u>	<u>1,367,865</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	\$ 23,188,367	\$ 7,720,440	\$ 1,861,973	\$ 752,336	\$ 25,050,340	\$ 8,472,776
Net position, beginning of year,	<u>47,854,646</u>	<u>40,134,206</u>	<u>36,346,373</u>	<u>35,594,037</u>	<u>84,201,019</u>	<u>75,728,243</u>
Net position, end of year	<u>\$ 71,043,013</u>	<u>\$ 47,854,646</u>	<u>\$ 38,208,346</u>	<u>\$ 36,346,373</u>	<u>\$ 109,251,359</u>	<u>\$ 84,201,019</u>

Government-wide Financial Analysis: (Continued)

The City's net position increased \$25,050,340 during the current fiscal year. This increase was reflective of an increase in net position of governmental activities of \$23,188,367 and an increase of \$1,861,973 in business-type activities. Governmental activity revenues increased from \$92,039,979 to \$100,265,582 an increase of \$8,225,603 or 8.94%. The major factors which contributed to the increase in revenue were an increase in revenues from charges for services of \$1,445,917 and general property and other local taxes of \$7,737,511. These increases in revenue were offset by decreases in operating grants and contributions and other general revenues totaling \$1,177,305. Governmental expenses decreased from \$82,951,674 in FY 21 to \$86,117,024 in FY 22. There were several factors impacting the increase including an decrease of \$6,987,518 in public safety, \$2,328,591 in health and welfare, \$706,798 in judicial administration and \$560,349 in community development expenses. These decreases were offset by a increase in education expense of \$1,385,274, \$518,741 in public works expenses and interest expense of \$204,779. Education expenses totaled \$8,996,124 in FY 22 compared to \$7,610,850 in FY 21.

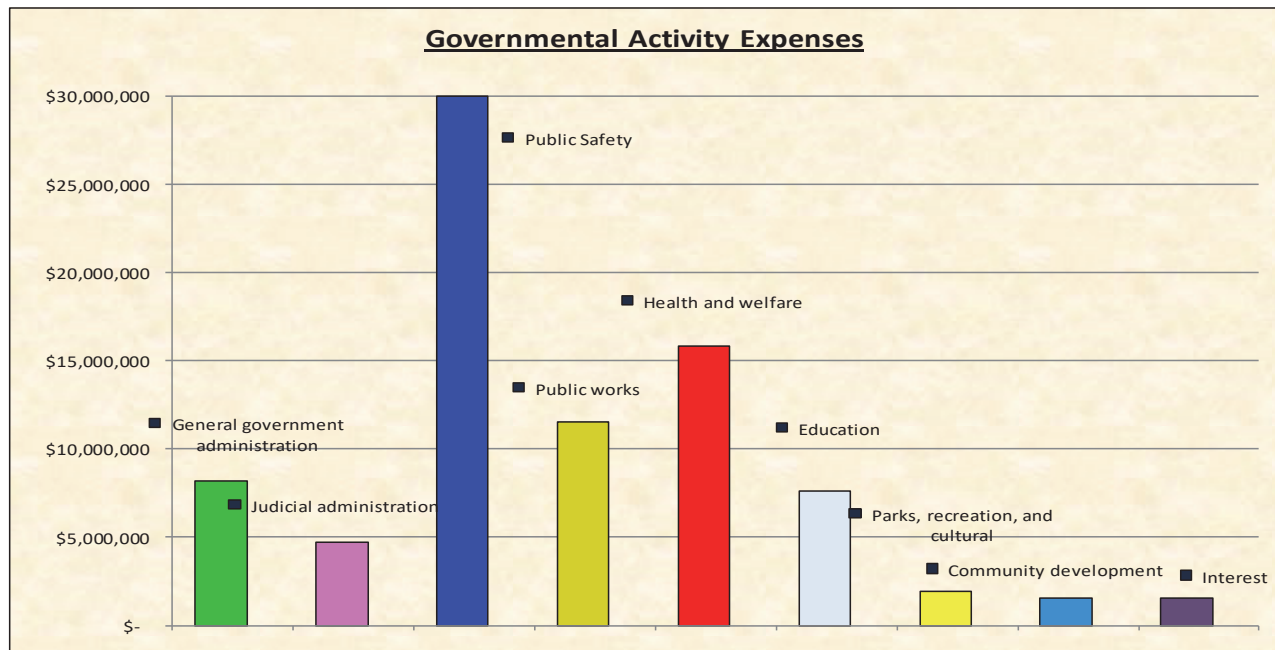
Net position increased in the business-type activities by \$1,861,973. The Public Utility Fund's net position increased by \$1,964,450 the Mass Transit Fund's net position decreased by \$214,000 and the Golf Course Fund increased by \$111,523. Overall business-type activity revenues decreased from \$18,690,709 to \$18,499,650 or \$191,059. The most significant decrease was noted in charges of services which decreased from \$15,640,137 to \$14,563,721 or \$1,076,416.

The chart below provides an overview of FY 21-22 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 \$60,756,355 an increase of \$12,652,658 in comparison with the prior year. The City has non-spendable balances comprised of inventory and land held for resale in the amount of \$4,046,092. The City's General Fund has restricted fund balance for debt service in the amount of \$992,504. The fund balance of the City's General Fund increased \$13,740,281 during the current fiscal year. Key factors in the increase and decreases are as follows:

- The City's general property taxes increased from \$36,695,007 in FY 21 to \$40,927,048 in FY 22 or \$4,232,041; other local taxes revenue increased from \$14,942,697 to \$16,918,741 or \$1,976,044.
- Public Safety expenditures decreased from \$21,083,684 in FY 21 to \$21,007,434 in FY 22 or \$76,250.
- Health and welfare expenditures decreased from \$13,343,701 in FY 21 to \$12,314,881 or \$1,028,820.
- Education expenditures increased from \$7,458,660 in FY 21 to \$8,125,318 or \$666,658.
- In FY 22 the General Fund revenues and other financing sources totaled \$82,005,904 while expenditures and other financing uses totaled \$68,265,623 resulting in an excess of \$13,740,281 reference Exhibit 11.

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

The City's other governmental funds reflected an overall decrease in fund balances of \$1,087,623. The Capital Projects fund balance decreased \$2,087,490 and the other non-major funds increased \$999,867.

The Federal and State Projects Fund had revenues and other financing sources of \$10,308,526 and expenditures of \$10,265,869. The Federal and States Projects Fund have an increase in fund balance of \$42,657 in FY 22. More information on the other governmental funds can be found on Exhibit 25.

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 \$11,307,662, (\$5,837,446), and (\$2,842,815), respectively. Net position increased for the Public Utility Fund by \$1,964,560, while the Mass Transit Fund had a decrease in net position of \$214,000 and the Golf Course Fund had an increase in net position of \$111,523. 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 state revenue and federal appropriations. This increase caused the expenditure budget to increase from \$73,009,193 to \$73,080,469 as disclosed on Exhibit 11. Some of the major differences can be summarized as follows:

- An increase of \$71,276 in judicial administration expenditures.

The total General Fund revenue budget increased from \$74,724,623 to \$74,795,899 or \$71,276. 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, 2022 totaled \$104,906,394 (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 \$4,231,080 in the governmental activities and \$2,889,717 in the business-type activities. The City's governmental capital assets, net of accumulated depreciation, increased by \$4,084,386. The City's business-type capital assets, net of accumulated depreciation, decreased \$638,253. 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 \$50,420,794 and the business-type activities had \$15,346,571. Of these amounts \$36,273,562 comprises debt backed by the full faith and credit of the City as general obligation and Qualified Zone Academy bonds. 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 \$9,033,645 at June 30, 2022. More detailed information on the City's long-term obligations can be found in the Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

Based on available economic data, certain trends for the local economy have continued to show improvements while others have not. As of June 2021, the local unemployment rate is at 6.60% and the state unemployment rate is 2.5%.

This factor was considered in preparing the City's budget for the 2023 fiscal year. The General Fund adopted budget for FY 23 totals \$73,856,740 which is \$867,883 less than the fiscal 2022 amended budget of \$74,724,623. The real estate tax rate of \$1.35 per \$100 assessment remains unchanged.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 58,969,640	\$ 4,170,772	\$ 63,140,412	\$ 8,779,347
Restricted cash	3,608,422	5,831,938	9,440,360	-
Receivables (net of allowance for uncollectibles):				
Property taxes	13,642,162	-	13,642,162	-
Accounts receivable	3,603,397	3,492,029	7,095,426	4,027
Prepaid items	1,127,411	51,442	1,178,853	188,920
Inventory	4,046,092	606,815	4,652,907	121,573
Due from Component Unit	3,110,621	-	3,110,621	-
Internal balances	2,054,111	(2,054,111)	-	-
Due from other governmental units	5,458,846	95,116	5,553,962	3,538,483
Total Current Assets	\$ 95,620,702	\$ 12,194,001	\$ 107,814,703	\$ 12,632,350
Net pension asset:	\$ -	\$ -	\$ -	\$ 2,107,665
Capital Assets (net of depreciation):				
Land	\$ 6,046,998	\$ 5,123,939	\$ 11,170,937	\$ 5,000
Historical buildings and improvements	1,779,398	-	1,779,398	-
Construction in progress	8,866,528	708,860	9,575,388	-
Land improvements	37,652	79,854	117,506	35,334
Utility plant in service	-	16,276,878	16,276,878	-
Water capacity rights	-	1,547,000	1,547,000	-
Buildings and improvements	26,026,557	16,885,594	42,912,151	5,545,347
Leased buildings	428,177	-	428,177	-
Leased vehicles	210,977	110,413	321,390	91,453
Vehicles	2,542,865	2,820,896	5,363,761	2,148,792
Equipment and machinery	2,321,846	1,123,666	3,445,512	967,961
Infrastructure	11,968,296	-	11,968,296	-
Total Capital Assets	\$ 60,229,294	\$ 44,677,100	\$ 104,906,394	\$ 8,793,887
Total Assets	\$ 155,849,996	\$ 56,871,101	\$ 212,721,097	\$ 23,533,902
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	\$ 6,230,458	\$ 737,230	\$ 6,967,688	\$ 9,137,061
OPEB deferrals	3,141,840	99,108	3,240,948	1,183,781
Deferred amount on refunding	3,077,141	179,568	3,256,709	-
Total Deferred Outflows of Resources	\$ 12,449,439	\$ 1,015,906	\$ 13,465,345	\$ 10,320,842
Total Assets and Deferred Outflows of Resources	\$ 168,299,435	\$ 57,887,007	\$ 226,186,442	\$ 33,854,744
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 3,620,555	\$ 750,158	\$ 4,370,713	\$ 5,223,273
Accrued interest payable	214,763	105,416	320,179	-
Unearned revenue	19,510,775	-	19,510,775	58,145
Customer deposits	57,742	956,076	1,013,818	-
Due to primary government	-	-	-	3,110,621
Current portion of long-term obligations	3,382,287	878,188	4,260,475	154,939
Total Current Liabilities	\$ 26,786,122	\$ 2,689,838	\$ 29,475,960	\$ 8,546,978
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	\$ 47,038,507	\$ 14,468,383	\$ 61,506,890	\$ 29,976,171
Total Noncurrent Liabilities	\$ 47,038,507	\$ 14,468,383	\$ 61,506,890	\$ 29,976,171
Total Liabilities	\$ 73,824,629	\$ 17,158,221	\$ 90,982,850	\$ 38,523,149
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 12,346	\$ -	\$ 12,346	\$ -
OPEB deferrals	2,729,362	126,963	2,856,325	1,120,749
Pension deferrals	20,227,672	2,393,477	22,621,149	18,510,545
Total Deferred Inflows of Resources	\$ 22,969,380	\$ 2,520,440	\$ 25,489,820	\$ 19,631,294
NET POSITION				
Net investment in capital assets	\$ 24,871,695	\$ 35,062,221	\$ 59,933,916	\$ 8,701,886
Restricted for:				
Grants	5,368,231	-	5,368,231	-
Debt service	-	518,724	518,724	-
McKenney scholarships	8,547	-	8,547	-
Perpetual care and library	1,942,887	-	1,942,887	-
Opioid settlement	462,413	-	462,413	-
Net pension asset	-	-	-	2,107,665
Unrestricted (deficit)	38,851,653	2,627,401	41,479,054	(35,109,250)
Total Net Position	\$ 71,505,426	\$ 38,208,346	\$ 109,713,772	\$ (24,299,699)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 168,299,435	\$ 57,887,007	\$ 226,186,442	\$ 33,854,744

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

CITY OF PETERSBURG, VIRGINIA

Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 7,884,004	\$ 247,798	\$ 325,267	\$ -
Judicial administration	4,030,925	441,679	1,255,229	-
Public safety	22,998,640	811,555	11,607,313	-
Public works	12,038,198	4,984,762	4,956,409	-
Health and welfare	14,502,982	-	10,889,108	-
Education	8,996,124	-	-	-
Parks, recreation, and cultural	1,907,411	21,996	170,294	-
Community development	1,005,192	-	485,093	-
Interest and bond issuance costs	1,753,548	-	-	-
Total governmental activities	\$ 75,117,024	\$ 6,507,790	\$ 29,688,713	\$ -
Business-type activities:				
Public utility	\$ 12,115,671	\$ 13,287,803	\$ -	\$ -
Mass transit	5,280,861	242,538	3,850,909	-
Golf course	1,201,336	1,033,380	-	-
Total business-type activities	\$ 18,597,868	\$ 14,563,721	\$ 3,850,909	\$ -
Total primary government	\$ 93,714,892	\$ 21,071,511	\$ 33,539,622	\$ -
COMPONENT UNIT:				
School Board	\$ 58,458,360	\$ 40,194	\$ 36,721,510	\$ -

General revenues:

General property taxes

Local sales and use taxes

Consumer utility taxes

Business license taxes

Motor vehicle license taxes

Lodging taxes

Meals taxes

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Grants and contributions not restricted to specific programs

City contribution to the school board

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (7,310,939)	\$ -	\$ (7,310,939)	\$ -
(2,334,017)	-	(2,334,017)	-
(10,579,772)	-	(10,579,772)	-
(2,097,027)	-	(2,097,027)	-
(3,613,874)	-	(3,613,874)	-
(8,996,124)	-	(8,996,124)	-
(1,715,121)	-	(1,715,121)	-
(520,099)	-	(520,099)	-
(1,753,548)	-	(1,753,548)	-
<u>\$ (38,920,521)</u>	<u>\$ -</u>	<u>\$ (38,920,521)</u>	<u>\$ -</u>
\$ -	\$ 1,172,132	\$ 1,172,132	\$ -
-	(1,187,414)	(1,187,414)	-
-	(167,956)	(167,956)	-
<u>\$ -</u>	<u>\$ (183,238)</u>	<u>\$ (183,238)</u>	<u>\$ -</u>
<u>\$ (38,920,521)</u>	<u>\$ (183,238)</u>	<u>\$ (39,103,759)</u>	<u>\$ -</u>
<u>\$ (21,696,656)</u>			
\$ 42,444,952	\$ -	\$ 42,444,952	\$ -
4,921,767	-	4,921,767	-
2,269,800	-	2,269,800	-
2,983,740	-	2,983,740	-
834,382	-	834,382	-
753,088	-	753,088	-
3,526,757	-	3,526,757	-
1,629,207	-	1,629,207	-
(79,833)	1,433	(78,400)	39,561
859,043	83,587	942,630	1,071,756
4,388,589	-	4,388,589	20,045,746
-	-	-	8,120,373
(1,960,191)	1,960,191	-	-
<u>\$ 62,571,301</u>	<u>\$ 2,045,211</u>	<u>\$ 64,616,512</u>	<u>\$ 29,277,436</u>
<u>\$ 23,650,780</u>	<u>\$ 1,861,973</u>	<u>\$ 25,512,753</u>	<u>\$ 7,580,780</u>
<u>47,854,646</u>	<u>36,346,373</u>	<u>84,201,019</u>	<u>(31,880,479)</u>
<u><u>\$ 71,505,426</u></u>	<u><u>\$ 38,208,346</u></u>	<u><u>\$ 109,713,772</u></u>	<u><u>\$ (24,299,699)</u></u>

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Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2022

	Governmental Funds			
	General	Capital Projects	Non Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 35,359,884	\$ 1,463,645	\$ 22,146,111	\$ 58,969,640
Restricted cash	992,504	664,484	1,951,434	3,608,422
Receivables (Net of allowances for uncollectibles):				
Taxes	13,642,162	-	-	13,642,162
Accounts	3,300,443	-	302,954	3,603,397
Prepaid items	1,019,826	-	107,585	1,127,411
Inventory and land held for resale	4,046,092	-	-	4,046,092
Due from other funds	368,945	4,637,613	161,020	5,167,578
Due from Component Unit School Board	6,181,107	-	-	6,181,107
Due from other governmental units	4,702,618	527,914	228,314	5,458,846
Total assets	\$ 69,613,581	\$ 7,293,656	\$ 24,897,418	\$ 101,804,655
LIABILITIES				
Accounts payable	\$ 1,122,995	\$ 496,993	\$ 603,844	\$ 2,223,832
Accrued salaries payable	1,298,363	-	98,359	1,396,722
Deposits held	57,742	-	-	57,742
Unearned revenue	7,517,104	-	11,993,671	19,510,775
Due to other funds	2,498,455	280,737	334,275	3,113,467
Due to Component Unit School Board	-	3,070,486	-	3,070,486
Total liabilities	\$ 12,494,659	\$ 3,848,216	\$ 13,030,149	\$ 29,373,024
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 11,212,863	\$ -	\$ -	\$ 11,212,863
Unavailable revenue - opioid settlement	462,413	-	-	462,413
	\$ 11,675,276	\$ -	\$ -	\$ 11,675,276
FUND BALANCE				
Nonspendable:				
Inventory and land held for resale	\$ 4,046,092	\$ -	\$ -	\$ 4,046,092
Cemetery Perpetual care and library	-	-	1,942,887	1,942,887
McKenney scholarships	-	-	8,547	8,547
Interfund loans	368,945	4,637,613	-	5,006,558
Prepaid items	1,019,826	-	107,585	1,127,411
Restricted:				
Grants	-	-	5,368,231	5,368,231
Debt service	992,504	-	-	992,504
Capital projects	-	-	-	-
Committed:				
Stormwater	-	-	4,440,019	4,440,019
Unassigned (deficit)	39,016,279	(1,192,173)	-	37,824,106
Total fund balances	\$ 45,443,646	\$ 3,445,440	\$ 11,867,269	\$ 60,756,355
Total liabilities, deferred inflows of resources and fund balance	\$ 69,613,581	\$ 7,293,656	\$ 24,897,418	\$ 101,342,242
Fund balances above				\$ 60,756,355

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.	60,229,294
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(214,763)
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	(20,227,672)
Deferred inflows related to measurement of net OPEB liability	(2,729,362)
Deferred outflows - OPEB deferrals	3,141,840
Deferred outflows - pension deferrals	6,230,458
Deferred inflows - opioid settlement	462,413
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.	11,200,517
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.	(47,343,653)
Net position of General Government Activities	<u>\$ 71,505,427</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, 2022

	Governmental Fund Types			
	General	Capital Projects	Non-Major Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 40,927,048	\$ -	\$ -	\$ 40,927,048
Other local taxes	16,918,741	-	-	16,918,741
Permits, privilege fees and regulatory licenses	707,371	-	-	707,371
Fines and forfeitures	281,119	-	-	281,119
Revenue from use of money and property	(20,760)	15,972	(75,045)	(79,833)
Charges for services	4,000,996	-	1,518,304	5,519,300
Miscellaneous	256,324	59,757	80,549	396,630
Recovered costs	106,048	-	-	106,048
Intergovernmental:				
Commonwealth	14,256,777	4,583,397	6,882,889	25,723,063
Federal	4,572,240	-	3,781,999	8,354,239
Total revenues	<u>\$ 82,005,904</u>	<u>\$ 4,659,126</u>	<u>\$ 12,188,696</u>	<u>\$ 98,853,726</u>
Expenditures:				
Current:				
General government administration	\$ 7,686,876	\$ -	\$ -	\$ 7,686,876
Judicial administration	3,767,607	-	336,339	4,103,946
Public safety	21,007,434	-	1,796,454	22,803,888
Public works	5,447,113	5,156,087	6,875,905	17,479,105
Health and welfare	12,314,881	-	1,831,821	14,146,702
Education	8,125,318	-	-	8,125,318
Parks, recreation, and cultural	1,693,272	-	-	1,693,272
Community development	608,029	-	396,482	1,004,511
Nondepartmental	2,422,803	-	-	2,422,803
Debt service:				
Principal retirement	1,637,492	-	60,000	1,697,492
Interest and other fiscal charges	1,261,435	-	-	1,261,435
Bond issuance costs	-	580,349	-	580,349
Total expenditures	<u>\$ 65,972,260</u>	<u>\$ 5,736,436</u>	<u>\$ 11,297,001</u>	<u>\$ 83,005,697</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 16,033,644</u>	<u>\$ (1,077,310)</u>	<u>\$ 891,695</u>	<u>\$ 15,848,029</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ 500,000	\$ 108,172	\$ 608,172
Transfers (out)	(2,293,363)	(275,000)	-	(2,568,363)
Issuance of debt	-	25,968,653	-	25,968,653
Premium on debt	-	97,038	-	97,038
Payment to bond escrow agent	-	(27,300,871)	-	(27,300,871)
Total other financing sources (uses)	<u>\$ (2,293,363)</u>	<u>\$ (1,010,180)</u>	<u>\$ 108,172</u>	<u>\$ (3,195,371)</u>
Changes in fund balance	\$ 13,740,281	\$ (2,087,490)	\$ 999,867	\$ 12,652,658
Fund balances at beginning of year	31,703,365	5,532,930	10,867,402	48,103,697
Fund balances at end of year	<u>\$ 45,443,646</u>	<u>\$ 3,445,440</u>	<u>\$ 11,867,269</u>	<u>\$ 60,756,355</u>

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, 2022

		<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		\$ 12,652,658
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	\$ 8,315,466	
Depreciation expense	<u>(4,231,080)</u>	4,084,386
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	\$ 1,517,904	
Change in deferred inflows - opioid settlement	462,413	
Change in deferred inflows related to the measurement of net pension liability	(20,165,175)	
Change in deferred inflows related to the measurement of net OPEB liability	<u>(360,251)</u>	(18,545,109)
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	\$ (25,968,653)	
Premium on debt	(97,038)	
Issuance of lease liability	(196,304)	
Deferred amount on refunding	2,098,901	
Principal retired on debt	\$ 27,079,978	
Premium on debt	45,322	
Discount on debt	<u>(10,383)</u>	2,951,823
Change in deferred outflows related to pensions		(1,403,383)
Change in deferred outflows related to OPEB		112,093
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	\$ 47,173	
Change in net pension liability	23,526,712	
Change in net OPEB liability	171,131	
Change in deferred amount on refunding	(6,965)	
Change in accrued interest payable	<u>60,262</u>	23,798,313
Change in net position of governmental activities		<u>\$ 23,650,781</u>

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

Statement of Net Position
Proprietary Funds
June 30, 2022

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 11,434,613	\$ -	\$ -	\$ 11,434,613
Restricted cash	5,831,938	-	-	5,831,938
Receivables (net of allowance for uncollectibles):				
Accounts receivable	3,492,029	-	-	3,492,029
Due from other governmental units	-	95,116	-	95,116
Due from other funds	77,356	172,855	-	250,211
Prepaid items	49,220	2,222	-	51,442
Inventory	331,854	266,789	8,172	606,815
Total Current Assets	\$ 21,217,010	\$ 536,982	\$ 8,172	\$ 21,762,164
Capital assets (net of depreciation):				
Land	\$ 173,898	\$ 1,566,994	\$ 3,383,047	\$ 5,123,939
Construction in progress	708,860	-	-	708,860
Land improvements	-	-	79,854	79,854
Utility plant in service	16,276,878	-	-	16,276,878
Buildings and improvements	-	16,098,484	787,110	16,885,594
Water capacity rights	1,547,000	-	-	1,547,000
Vehicles	252,871	2,568,025	-	2,820,896
Leased equipment	-	-	110,413	110,413
Equipment and machinery	743,581	191,380	188,705	1,123,666
Total capital assets (net of accumulated depreciation)	\$ 19,703,088	\$ 20,424,883	\$ 4,549,129	\$ 44,677,100
Total Assets	\$ 40,920,098	\$ 20,961,865	\$ 4,557,301	\$ 66,439,264
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	\$ 273,545	\$ 387,954	\$ 75,731	\$ 737,230
OPEB deferrals	36,773	52,154	10,181	99,108
Deferred amount on refunding	159,555	-	20,013	179,568
Total Deferred Outflows or Resources	\$ 469,873	\$ 440,108	\$ 105,925	\$ 1,015,906
Total Assets and Deferred Outflows of Resources	\$ 41,389,971	\$ 21,401,973	\$ 4,663,226	\$ 67,455,170
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 532,603	\$ 22,193	\$ 32,706	\$ 587,502
Reconciled overdraft	-	5,030,377	2,233,464	7,263,841
Accrued salaries payable	59,013	85,169	18,474	162,656
Accrued interest payable	71,830	-	33,586	105,416
Due to other funds	2,004,142	20,400	279,780	2,304,322
Customers' deposits payable	956,076	-	-	956,076
Current portion of compensated absences	7,764	11,652	3,829	23,245
Current portion of notes payable	388,270	-	-	388,270
Current portion of premium on bonds issued	24,612	-	24,404	49,016
Current portion of lease liability	-	-	55,204	55,204
Current portion of general obligation bonds	240,717	-	121,736	362,453
Total Current Liabilities	\$ 4,285,027	\$ 5,169,791	\$ 2,803,183	\$ 12,258,001
Noncurrent Liabilities:				
Noncurrent portion of compensated absences	\$ 69,878	\$ 104,865	\$ 34,464	\$ 209,207
Noncurrent portion of notes payable	2,866,748	-	-	2,866,748
Noncurrent portion of premium on bonds issued	465,565	-	414,867	880,432
Noncurrent portion of lease liability	-	-	55,759	55,759
Noncurrent portion of net pension liability	29,059	41,213	8,045	78,317
Noncurrent portion of net OPEB liability	121,511	172,332	33,639	327,482
Noncurrent portion of general obligation bonds	6,984,942	-	3,065,496	10,050,438
Total Noncurrent Liabilities	\$ 10,537,703	\$ 318,410	\$ 3,612,270	\$ 14,468,383
Total Liabilities	\$ 14,822,730	\$ 5,488,201	\$ 6,415,453	\$ 26,726,384
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	\$ 888,084	\$ 1,259,523	\$ 245,870	\$ 2,393,477
OPEB deferrals	47,109	66,812	13,042	126,963
Total Deferred Inflows or Resources	\$ 935,193	\$ 1,326,335	\$ 258,912	\$ 2,520,440
NET POSITION				
Net investment in capital assets	\$ 13,805,662	\$ 20,424,883	\$ 831,676	\$ 35,062,221
Restricted for:				
Debt service	518,724	-	-	518,724
Unrestricted	11,307,662	(5,837,446)	(2,842,815)	2,627,401
Total Net Position	\$ 25,632,048	\$ 14,587,437	\$ (2,011,139)	\$ 38,208,346
Total Liabilities, Deferred Inflows of resources, and Net Position	\$ 41,389,971	\$ 21,401,973	\$ 4,663,226	\$ 67,455,170

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, 2022

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Operating revenues:				
Charges for services	\$ 12,167,803	\$ 242,538	\$ 1,033,380	\$ 13,443,721
Connection fees	1,120,000	-	-	1,120,000
Miscellaneous income	3,152	80,435	-	83,587
Total operating revenues	<u>\$ 13,290,955</u>	<u>\$ 322,973</u>	<u>\$ 1,033,380</u>	<u>\$ 14,647,308</u>
Operating expenses:				
Personal services	\$ 1,700,684	\$ 2,469,791	\$ 447,140	\$ 4,617,615
Fringe benefits	398,205	530,471	121,582	1,050,258
Contractual services	446,123	241,998	148,739	836,860
Wastewater treatment services	5,325,145	-	-	5,325,145
Water purchased for resale	1,726,868	-	-	1,726,868
Other charges	630,452	838,671	171,581	1,640,704
Depreciation	1,497,037	1,199,930	192,750	2,889,717
Total operating expenses	<u>\$ 11,724,514</u>	<u>\$ 5,280,861</u>	<u>\$ 1,081,792</u>	<u>\$ 18,087,167</u>
Operating income (loss)	<u>\$ 1,566,441</u>	<u>\$ (4,957,888)</u>	<u>\$ (48,412)</u>	<u>\$ (3,439,859)</u>
Nonoperating revenues (expenses):				
State grants	\$ -	\$ 1,796,492	\$ -	\$ 1,796,492
Federal grants	-	2,054,417	-	2,054,417
Interest income	1,433	-	-	1,433
Interest expense	(391,157)	-	(119,544)	(510,701)
Total nonoperating revenues (expenses)	<u>\$ (389,724)</u>	<u>\$ 3,850,909</u>	<u>\$ (119,544)</u>	<u>\$ 3,341,641</u>
Income (loss) before transfers	<u>\$ 1,176,717</u>	<u>\$ (1,106,979)</u>	<u>\$ (167,956)</u>	<u>\$ (98,218)</u>
Transfers in	<u>787,733</u>	<u>892,979</u>	<u>279,479</u>	<u>1,960,191</u>
Changes in net position	<u>\$ 1,964,450</u>	<u>\$ (214,000)</u>	<u>\$ 111,523</u>	<u>\$ 1,861,973</u>
Net position (deficit) at beginning of year	<u>23,667,598</u>	<u>14,801,437</u>	<u>(2,122,662)</u>	<u>36,346,373</u>
Net position (deficit) at end of year	<u><u>\$ 25,632,048</u></u>	<u><u>\$ 14,587,437</u></u>	<u><u>\$ (2,011,139)</u></u>	<u><u>\$ 38,208,346</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, 2022

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 15,320,772	\$ 322,973	\$ 1,033,380	\$ 16,677,125
Payments to employees (including fringe benefits)	(2,155,734)	(3,097,907)	(552,643)	(5,806,284)
Payments to suppliers	(8,121,429)	(1,157,716)	(305,430)	(9,584,575)
Net cash provided by (used for) operating activities	\$ 5,043,609	\$ (3,932,650)	\$ 175,307	\$ 1,286,266
Cash flows from capital and related financing activities:				
Purchase and construction of capital assets	\$ (1,080,700)	\$ (1,170,764)	\$ -	\$ (2,251,464)
Interest expense	(421,455)	-	(144,545)	(566,000)
Deferred amount on refunding	(159,555)	-	16,868	(142,687)
Proceeds from general obligation bonds	935,659	-	200,689	1,136,348
Retirement of indebtedness	(1,360,309)	-	(377,787)	(1,738,096)
Net cash provided by (used for) capital and related financing activities	\$ (2,086,360)	\$ (1,170,764)	\$ (304,775)	\$ (3,561,899)
Cash flows from noncapital financing activities:				
State and federal grants	\$ -	\$ 3,909,215	\$ -	\$ 3,909,215
Negative cash balances implicitly financed	-	434,242	(150,011)	284,231
Transfers (to) and from other funds	787,733	759,957	279,479	1,827,169
Net cash provided by (used for) noncapital financing activities	\$ 787,733	\$ 5,103,414	\$ 129,468	\$ 6,020,615
Cash flows from investing activities:				
Interest income	\$ 1,433	\$ -	\$ -	\$ 1,433
Increase in cash and cash equivalents	\$ 3,746,415	\$ -	\$ -	\$ 3,746,415
Cash and cash equivalents at beginning of year	13,520,136	-	-	13,520,136
Cash and cash equivalents at end of year	\$ 17,266,551	\$ -	\$ -	\$ 17,266,551
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 1,566,441	\$ (4,957,888)	\$ (48,412)	\$ (3,439,859)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation	\$ 1,497,037	\$ 1,199,930	\$ 192,750	\$ 2,889,717
Changes in operating activities:				
(Increase) decrease in:				
Accounts receivable and due from other governments	1,855,823	-	-	1,855,823
Inventory	(65,159)	(33,108)	2,657	(95,610)
Prepaid items	(18,574)	-	-	(18,574)
Increase (decrease) in:				
Accounts payable	90,892	(43,939)	12,233	59,186
Accrued salaries payable	13,093	19,548	4,284	36,925
Customer deposits	173,994	-	-	173,994
Pension deferred outflows of resources	65,203	108,322	55,028	228,553
Pension deferred inflows of resources	888,084	1,259,523	245,870	2,393,477
Net pension liability	(1,032,926)	(1,464,945)	(285,970)	(2,783,841)
OPEB deferred outflows of resources	(8,665)	(12,292)	(2,399)	(23,356)
OPEB deferred inflows of resources	12,257	17,384	3,394	33,035
Net OPEB liability	(11,812)	(16,755)	(3,272)	(31,839)
Compensated absences	17,921	(8,430)	(856)	8,635
Total adjustments	\$ 3,477,168	\$ 1,025,238	\$ 223,719	\$ 4,726,125
Net cash provided by (used for) operating activities	\$ 5,043,609	\$ (3,932,650)	\$ 175,307	\$ 1,286,266
Reconciliation of Cash to Statement of Net Position:				
Cash and cash equivalents	\$ 11,434,613	\$ -	\$ -	\$ 11,434,613
Restricted cash - SCWA - debt service	5,831,938	-	-	5,831,938
Negative cash balances implicitly financed	-	(5,030,377)	(2,233,464)	(7,263,841)
Total cash and cash equivalents at end of year	\$ 17,266,551	\$ (5,030,377)	\$ (2,233,464)	\$ 10,002,710

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

Statement of Fiduciary Net Position - Fiduciary Funds
At June 30, 2022

	Hospital Trust Fund	
	Private- Purpose Trust	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 555,671	\$ 155,999
Land held for resale	<u>-</u>	<u>2,500,000</u>
Total assets	\$ <u>555,671</u>	\$ <u>2,655,999</u>
LIABILITIES		
Accounts payable	\$ <u>135,000</u>	\$ <u>-</u>
Total liabilities	\$ <u>135,000</u>	\$ <u>-</u>
NET POSITION		
Restricted For:		
Held for hospitalization care for welfare recipients	\$ 420,671	\$ -
Social services clients	-	65,500
Economic development	-	2,500,000
Drug funds	<u>-</u>	<u>90,499</u>
Total net position	\$ <u>420,671</u>	\$ <u>2,655,999</u>
Total liabilities and net position	\$ <u>555,671</u>	\$ <u>2,655,999</u>

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended June 30, 2022

	Hospital Trust Fund	
	Private- Purpose Trust	Custodial Funds
Additions		
Investment income	\$ 38	\$ 5
Deductions		
Drug Seizure disbursements	\$ -	\$ 5,420
Change in net position	\$ 38	\$ (5,415)
Net position - beginning of the year	420,633	2,661,414
Net position - end of the year	\$ <u>420,671</u>	\$ <u>2,655,999</u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2022

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, 2022.

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, 2022.

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, 2022 (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, 2022 were \$5,325,145. 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, 2022 were \$2,621,668. 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, 2022 were \$1,726,868. 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, 2022 (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 Custodial Funds) - account for assets held by the City in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private-Purpose Trust Funds and Custodial Funds. The Private-Purpose Trust Fund accounts for monies derived from investment earnings to provide hospitalization care for welfare recipients in the City and is named the Hospital Trust Fund. The Custodial Funds are custodial in nature. Fiduciary funds are not included in the government-wide financial statements. Custodial funds include the Special Welfare, Drug Seizure and Industrial Development Authority Funds. The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

E. Budgets and Budgetary Accounting

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

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

F. Cash and Cash Equivalents

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

G. Investments

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

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 \$14,077,153 at June 30, 2022 and is comprised of the following:

Property taxes - General Fund	\$ 1,013,153
Refuse and consumer's utility taxes - General Fund	1,180,325
Stormwater fees	701,312
Public Utility Accounts	11,182,363
Total	<u>\$ 14,077,153</u>

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

I. South Central Wastewater Authority Water Capacity Rights

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

J. Capital Assets:

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

J. Capital Assets: (Continued)

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

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

K. Compensated Absences

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

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

L. Property Taxes

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

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

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

M. Inventory and Land Held for Resale

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

N. Long-term Obligations

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

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

O. Fund Equity

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

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

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

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

O. Fund Equity: (Continued)

The City Council establishes and modifies or rescinds fund balance commitments at year-end by passage of a resolution. The City Council has not delegated this authority to assign amounts to any individual for the fiscal year ending June 30, 2022.

As of June 30, 2022, there was a deficit net position in the Golf Course Fund (\$2,011,139).

P. Use of Estimates

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

Q. Internal and Intra-entity Activity

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

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

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

R. Restricted Cash

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

S. Net Position

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

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

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

S. Net Position: (Continued)

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

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

T. Deferred Outflows/Inflows of Resources

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

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

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

U. Pensions

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

V. Leases

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

Lessee

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

Key Estimates and Judgments

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

V. Leases: (Continued)

Key Estimates and Judgments (Continued)

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

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

Note 2—Deposits and Investments:

Deposits

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

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (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, 2022 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, 2022 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	\$ 321,155	\$ -	
Virginia State Non-Arbitrage Program (SNAP)	5,803,853	-	
U.S. Treasury Money Market Funds	664,474	-	
Total Primary Government investments	\$ 6,789,482	\$ -	

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	\$ 321,155	\$ 321,155	\$ -
Virginia State Non-Arbitrage Program (SNAP)	5,803,853	5,803,853	-
Total Primary Government investments	\$ 6,125,008	\$ 6,125,008	\$ -

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 2—Deposits and Investments: (Continued)

Interest Rate Risk: (Continued)

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

Foreign Currency Risk

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

Concentration of Credit Risk

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

Note 3—Due From Other Governmental Units:

At June 30, 2022, the City has receivables from other governments as follows:

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Business-type</u>
	<u>Funds</u>	<u>Funds</u>
Commonwealth of Virginia:		
Local sales taxes	\$ 821,601	\$ -
Miscellaneous grants	151,321	-
Shared expenses	229,699	-
Public assistance and welfare administration	281,235	-
Comprehensive services	365,598	-
Mass Transit	-	95,116
PPTRA	2,294,331	-
Communications tax	210,193	-
VDOT	527,914	-
Federal Government:		
Public assistance and welfare administration	379,123	-
Community Development Block Grant	49,184	-
Miscellaneous grants	148,647	-
Total due from other governments	\$ <u>5,458,846</u>	\$ <u>95,116</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (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, 2022 are presented below:

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

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

Interfund Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Major Funds:		
General	\$ -	\$ 2,293,363
Capital Projects Fund	500,000	275,000
Public Utility Fund	787,733	-
Mass Transit Fund	892,979	-
Golf Course Fund	279,479	-
Nonmajor Funds:		
Stormwater Fund	60,000	-
Federal and State Grants Fund	48,172	-
Total	<u>\$ 2,568,363</u>	<u>\$ 2,568,363</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

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

Note 5—Inventory:

At June 30, 2022, the City has inventory recorded in the various funds as follows:

	Governmental Activities	Business-type Activities
Expendable supplies	\$ 19,423	\$ 606,815
Land and building inventory held for resale:		
324 Commercial/residential lots owned in the City	3,994,488	-
8 Commercial buildings owned in Dinwiddie County	32,181	-
Totals	<u>\$ 4,046,092</u>	<u>\$ 606,815</u>

The following is a summary of changes in inventory held for resale for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Purchases	Sales	Balance June 30, 2022
Land and building inventory held for resale:				
312 Commercial/residential lots owned in the City	\$ 4,175,518	\$ -	\$ 181,030	\$ 3,994,488
8 Commercial buildings owned in Dinwiddie County	32,181	-	-	32,181
Totals	<u>\$ 4,207,699</u>	<u>\$ -</u>	<u>\$ 181,030</u>	<u>\$ 4,026,669</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2022 (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, 2022:

	Balance July 1, 2021*	Additions	Deletions	Balance June 30, 2022
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,046,998	\$ -	\$ -	\$ 6,046,998
Historical buildings and improvements	1,779,398	-	-	1,779,398
Construction in progress - city projects	3,195,818	7,019,256	1,348,546	8,866,528
Total capital assets not being depreciated	\$ 11,022,214	\$ 7,019,256	\$ 1,348,546	\$ 16,692,924
Capital assets being depreciated:				
Buildings and improvements	\$ 78,793,467	\$ 47,540	\$ -	\$ 78,841,007
Leased building	372,455	165,414	-	537,869
Land improvements	34,959	20,912	-	55,871
Infrastructure	110,526,541	1,147,862	-	111,674,403
Leased vehicles	263,961	30,890	-	294,851
Vehicles	13,510,436	521,662	-	14,032,098
Equipment (other than vehicles)	16,140,691	710,476	-	16,851,167
Total capital assets being depreciated	\$ 219,642,510	\$ 2,644,756	\$ -	\$ 222,287,266
Accumulated depreciation:				
Buildings and improvements	\$ 51,348,180	\$ 1,466,270	\$ -	\$ 52,814,450
Leased building	-	109,692	-	109,692
Land improvements	12,096	6,123	-	18,219
Infrastructure	98,995,448	710,659	-	99,706,107
Leased vehicles	-	83,874	-	83,874
Vehicles	10,539,432	949,801	-	11,489,233
Equipment (other than vehicles)	13,624,660	904,661	-	14,529,321
Total accumulated depreciation	\$ 174,519,816	\$ 4,231,080	\$ -	\$ 178,750,896
Total capital assets being depreciated, net	\$ 45,122,694	\$ (1,586,324)	\$ -	\$ 43,536,370
Governmental Activities capital assets, net	\$ 56,144,908	\$ 5,432,932	\$ 1,348,546	\$ 60,229,294

* Beginning balances were adjusted for the implementation of GASB 87

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

Net capital assets	\$ 60,229,294
Long-term debt applicable to capital assets:	
General obligation bonds	\$ 34,541,705
School Qualified Zone Academy Bonds (SQZAB's)	1,731,857
Cash deposited in School Qualified Zone Academy Bonds Funds	(992,504)
Premium on bonds payable	912,826
Deferred amount on refunding	(3,077,141)
Discount on bonds payable	(218,048)
Lease liability	652,204
Stormwater revenue bond	2,471,174
	\$ 36,022,073
Less-debt proceeds received but not expended on capital assets at year end	(664,474)
Net long-term debt, as adjusted	\$ 35,357,599
Net investment in capital assets	\$ 24,871,695

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (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, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Business-type Activities:				
Public Utility Fund:				
Capital assets, not being depreciated:				
Land	\$ 173,898	\$ -	\$ -	\$ 173,898
Construction in progress	662,074	750,837	704,051	708,860
Total capital assets not being depreciated	<u>\$ 835,972</u>	<u>\$ 750,837</u>	<u>\$ 704,051</u>	<u>\$ 882,758</u>
Capital assets being depreciated:				
Utility plant in service	\$ 38,334,167	\$ 630,064	\$ -	\$ 38,964,231
Water capacity rights	4,420,000	-	-	4,420,000
Vehicles	1,429,883	8,400	-	1,438,283
Equipment and machinery	2,532,377	395,450	-	2,927,827
Total capital assets being depreciated	<u>\$ 46,716,427</u>	<u>\$ 1,033,914</u>	<u>\$ -</u>	<u>\$ 47,750,341</u>
Accumulated depreciation:				
Utility plant in service	\$ 21,646,414	\$ 1,040,939	\$ -	\$ 22,687,353
Water capacity rights	2,762,500	110,500	-	2,873,000
Vehicles	1,122,896	62,516	-	1,185,412
Equipment and machinery	1,901,164	283,082	-	2,184,246
Total accumulated depreciation	<u>\$ 27,432,974</u>	<u>\$ 1,497,037</u>	<u>\$ -</u>	<u>\$ 28,930,011</u>
Total capital assets being depreciated, net	<u>\$ 19,283,453</u>	<u>\$ (463,123)</u>	<u>\$ -</u>	<u>\$ 18,820,330</u>
Public Utility Fund capital assets, net	<u>\$ 20,119,425</u>	<u>\$ 287,714</u>	<u>\$ 704,051</u>	<u>\$ 19,703,088</u>
Reconciliation of Public Utility Fund net position net investment in capital assets:				
Net capital assets				<u>\$ 19,703,088</u>
Long-term debt applicable to capital assets:				
General obligation bonds		\$ 7,225,659		
Premium on bonds issued		490,177		
Deferred amount on refunding		(159,555)		
Notes payable		<u>3,255,018</u>		\$ 10,811,299
Less-debt proceeds received but not expended on capital assets at year end				<u>(4,913,873)</u>
Net long-term debt, as adjusted				<u>\$ 5,897,426</u>
Net investment in capital assets				<u>\$ 13,805,662</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (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, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
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	\$ 25,512,563	\$ 29,015	\$ -	\$ 25,541,578
Vehicles	4,600,623	1,117,784	-	5,718,407
Equipment and machinery	1,188,957	23,965	-	1,212,922
Total capital assets being depreciated	\$ 31,302,143	\$ 1,170,764	\$ -	\$ 32,472,907
Accumulated depreciation:				
Buildings and improvements	\$ 8,838,882	\$ 604,212	\$ -	\$ 9,443,094
Vehicles	2,615,860	534,522	-	3,150,382
Equipment and machinery	960,346	61,196	-	1,021,542
Total accumulated depreciation	\$ 12,415,088	\$ 1,199,930	\$ -	\$ 13,615,018
Total capital assets being depreciated, net	\$ 18,887,055	\$ (29,166)	\$ -	\$ 18,857,889
Mass Transit Fund capital assets, net	\$ 20,454,049	\$ (29,166)	\$ -	\$ 20,424,883

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (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, 2022:

	Balance July 1, 2021*	Additions	Deletions	Balance June 30, 2022
Business-type Activities:				
Golf Course				
Capital assets, not being depreciated:				
Land	\$ 3,383,047	\$ -	\$ -	\$ 3,383,047
Total capital assets not being depreciated	\$ 3,383,047	\$ -	\$ -	\$ 3,383,047
Capital assets being depreciated:				
Land improvements	\$ 1,040,599	\$ -	\$ -	\$ 1,040,599
Buildings and improvements	976,131	-	-	976,131
Lease vehicles	165,619	-	-	165,619
Equipment and machinery	426,349	-	-	426,349
Total capital assets being depreciated	\$ 2,608,698	\$ -	\$ -	\$ 2,608,698
Accumulated depreciation:				
Land improvements	\$ 891,639	\$ 69,106	\$ -	\$ 960,745
Buildings and improvements	163,218	25,803	-	189,021
Lease vehicles	-	55,206	-	55,206
Equipment and machinery	195,009	42,635	-	237,644
Total accumulated depreciation	\$ 1,249,866	\$ 192,750	\$ -	\$ 1,442,616
Total capital assets being depreciated, net	\$ 1,358,832	\$ (192,750)	\$ -	\$ 1,166,082
Golf Course Fund capital assets, net	\$ 4,741,879	\$ (192,750)	\$ -	\$ 4,549,129

* Beginning balances were adjusted for the implementation of GASB 87

Reconciliation of Golf Course Fund net position net investment in capital assets:

Net capital assets				\$ 4,549,129
Long-term debt applicable to capital assets:				
General obligation bonds		\$ 3,187,232		
Deferred amount on refunding		(20,013)		
Lease liability		110,963		
Premium on bonds issued		439,271		\$ 3,717,453
Net long-term debt, as adjusted				\$ 3,717,453
Net investment in capital assets				\$ 831,676
Total Business-type Activities capital assets, net	\$ 45,315,353	\$ 65,798	\$ 704,051	\$ 44,677,100

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (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	\$	268,919
Judicial administration		239,997
Public safety		1,124,561
Public works		1,191,283
Health and welfare		292,448
Education		870,806
Parks, recreation and cultural		221,776
Community development		<u>21,290</u>

Total Governmental activities	\$	<u><u>4,231,080</u></u>
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Business-type activities:

Public Utility Fund	\$	1,497,037
Mass Transit Fund		1,199,930
Golf Course Fund		<u>192,750</u>

Total Business-type activities	\$	<u><u>2,889,717</u></u>
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CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (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, 2022:

Description	Balance July 1, 2021*	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2022	Amounts Due Within One Year
Long-term obligation transactions:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 35,633,688	\$ 23,497,479	\$ 24,589,462	\$ 34,541,705	\$ 1,584,606
Stormwater revenue bonds	2,060,000	2,471,174	2,060,000	2,471,174	67,922
School Literary Fund loans	50,000	-	50,000	-	-
School Qualified Zone					
Academy Bonds	1,931,857	-	200,000	1,731,857	1,316,857
Premium on bonds payable	861,110	97,038	45,322	912,826	49,943
Discount on bonds payable	(228,431)	-	(10,383)	(218,048)	(10,383)
Lease liabilities	636,416	196,304	180,516	652,204	203,219
Net pension liability	24,188,583	21,216,221	44,742,933	661,871	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 1,081,975	\$ 462,292	\$ 84,050	\$ 1,460,217	\$ -
Net LODA OPEB liability	5,100,418	4,142,289	4,044,342	5,198,365	-
Net GLI OPEB liability	1,954,713	568,134	1,215,454	1,307,393	-
Total Net OPEB liability	\$ 8,137,106	\$ 5,172,715	\$ 5,343,846	\$ 7,965,975	\$ -
Compensated absences	1,748,403	127,667	174,840	1,701,230	170,123
Total Governmental Activities obligations	\$ 75,018,732	\$ 52,778,598	\$ 77,376,536	\$ 50,420,794	\$ 3,382,287

* Beginning balances were adjusted for the implementation of GASB 87

Reconciliation to Exhibit 1:

Long-term liabilities due within one year:	\$ 3,382,287
Long-term liabilities due in more than one year:	47,038,507
Total long-term obligations	\$ 50,420,794

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (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, 2022 are as follows:

Direct Borrowings and Direct Placements								
Year Ending	General Obligation Bonds		Lease Liability		Stormwater Revenue Bonds		Qualified Zone Academy Bonds	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	
2023	\$ 1,584,606	\$ 360,763	\$ 203,219	\$ 17,269	\$ 67,922	\$ 131,073	\$ 1,316,857	
2024	1,491,393	343,430	189,186	10,023	56,070	117,981	200,000	
2025	1,593,470	325,232	178,211	3,919	65,187	125,885	215,000	
2026	1,612,325	306,445	64,937	889	65,643	125,033	-	
2027	1,920,326	286,314	16,651	117	95,729	153,505	-	
2028	1,181,488	265,220	-	-	70,657	126,881	-	
2029	1,502,770	243,811	-	-	102,567	157,245	-	
2030	1,299,987	221,187	-	-	78,407	131,355	-	
2031	923,213	197,482	-	-	36,468	88,249	-	
2032	1,541,520	173,755	-	-	110,316	160,502	-	
2033	1,269,125	150,096	-	-	80,230	128,283	-	
2034	1,319,644	125,024	-	-	82,965	129,085	-	
2035	2,004,367	103,025	-	-	171,856	214,625	-	
2036	1,912,919	84,822	-	-	160,004	198,246	-	
2037	1,961,680	65,887	-	-	164,107	197,928	-	
2038	2,030,610	47,472	-	-	169,121	198,192	-	
2039	2,086,955	29,065	-	-	173,680	197,658	-	
2040	2,160,220	11,128	-	-	179,150	197,887	-	
2041	1,755,484	-	-	-	184,621	197,954	-	
2042	2,834,783	-	-	-	298,127	304,289	-	
2043	554,820	-	-	-	58,347	59,216	-	
Total	\$ 34,541,705	\$ 3,340,158	\$ 652,204	\$ 32,217	\$ 2,471,174	\$ 3,341,072	\$ 1,731,857	

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations as of June 30, 2022 are as follows:

Primary Government - Governmental Activities:

Original Amount	Description	Outstanding Amount at June 30, 2022
	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%	\$ 220,269
7,285,000	Qualified School Construction Bonds issued November 13, 2009, due in various annual installments ranging from \$135,000 to \$515,000 through February 15, 2040 interest free as a federal tax credit is provided to bondholders	2,595,000
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	760,500
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)	1,635,957
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	925,000
23,497,479	Series 2021 general obligation refunding bonds due in various annual installments through November 2042, interest at various rates (23,497,479 of original issue allocated to governmental, \$2,471,174 to stormwater, \$935,659 to Utility and \$200,689 to Golf)	23,497,479
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)	4,319,250

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2022
	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)	588,250
	Total general obligation bonds	\$ 34,541,705
	Lease Liabilities:	
7,500,000	Various leases for office space in various monthly payments through October 2026, discount ranging from 1.00% to 1.08%	\$ 433,711
	Various leases for vehicles payable in various monthly payments through February 2027, discount rate ranging from 7.27% to 8.50%	\$ 218,493
	Total Lease liabilities	\$ 652,204
	Qualified Zone Academy Bonds:	
1,116,857	(5) Series 2006 issued October 31, 2006, due in annual installments of \$54,300 through October 31, 2022, final payment of \$111,686 due October 31, 2022	\$ 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	615,000
	Total Qualified Zone Academy Bonds	\$ 1,731,857

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2022
	Stormwater Revenue Bond:	
\$ 2,471,174	Series 2021 general obligation refunding bonds due in various annual installments through November 2042, interest at various rates (23,497,479 of original issue allocated to governmental, \$2,471,174 to stormwater, \$935,659 to Utility and \$200,689 to Golf)	\$ 2,471,174
	Total Stormwater Revenue Bond	\$ 2,471,174
	Other Long-term Obligations:	
	Premium on bonds payable	912,826
	Discount on bonds payable	(218,048)
	Net pension liability	661,871
	Net OPEB liability	7,965,975
	Compensated absences	1,701,230
	Total governmental activities long-term obligations	\$ 50,420,794

(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, 2022 (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, 2022:

	Balance July 1, 2021*	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2022	Amounts Due Within One Year
Public Utility Fund:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 7,275,000	\$ 935,659	\$ 985,000	\$ 7,225,659	\$ 240,717
Notes payable	3,630,327	-	375,309	3,255,018	388,270
Premium on bonds issued	514,789	-	24,612	490,177	24,612
Net pension liability	1,061,985	931,486	1,964,412	29,059	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 47,502	\$ 20,299	\$ 3,690	\$ 64,111	\$ -
Net GLI OPEB liability	85,821	24,943	53,364	57,400	-
Total Net OPEB liability	\$ 133,323	\$ 45,242	\$ 57,054	\$ 121,511	\$ -
Compensated absences	59,721	23,893	5,972	77,642	7,764
Total Public Utility fund	\$ 12,675,145	\$ 1,936,280	\$ 3,412,359	\$ 11,199,066	\$ 661,363
Mass Transit Fund:					
Net pension liability	\$ 1,506,158	\$ 1,321,078	\$ 2,786,023	\$ 41,213	\$ -
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 67,372	\$ 28,786	\$ 5,234	\$ 90,924	\$ -
Net GLI OPEB liability	121,715	35,376	75,683	81,408	-
Total Net OPEB liability	\$ 189,087	\$ 64,162	\$ 80,917	\$ 172,332	\$ -
Compensated absences	124,947	4,065	12,495	116,517	11,652
Total Mass Transit fund	\$ 1,820,192	\$ 1,389,305	\$ 2,879,435	\$ 330,062	\$ 11,652
Golf Course Fund:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 3,309,674	\$ 200,689	\$ 323,131	\$ 3,187,232	\$ 121,736
Premium on bonds payable	463,675	-	24,404	439,271	24,404
Lease liability	165,619	-	54,656	110,963	55,204
Net pension liability	294,015	257,885	543,855	8,045	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 13,151	\$ 5,619	\$ 1,022	\$ 17,748	\$ -
Net GLI OPEB liability	23,760	6,905	14,774	15,891	-
Total Net OPEB liability	\$ 36,911	\$ 12,524	\$ 15,796	\$ 33,639	\$ -
Compensated absences	39,149	3,059	3,915	38,293	3,829
Total Golf Course fund	\$ 4,309,043	\$ 474,157	\$ 965,757	\$ 3,817,443	\$ 205,173
* Beginning balances were adjusted for the implementation of GASB 87					
Total Business-type Activities	\$ 18,804,380	\$ 3,799,742	\$ 7,257,551	\$ 15,346,571	\$ 878,188

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Details of long-term obligations transactions as of June 30, 2022:

Original Amount	Description	Outstanding Amount at June 30, 2022
	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%	\$ 6,290,000
935,659	Series 2021 general obligation refunding bonds due in various annual installments through November 2042, interest at various rates (23,497,479 of original issue allocated to governmental, \$2,471,174 to stormwater, \$935,659 to Utility and \$200,689 to Golf)	935,659
	Total general obligation bonds	\$ 7,225,659
	Capital Leases	3,255,018
	Bond premium	490,177
	Net pension liability	29,059
	Net OPEB liability	121,511
	Compensated absences	77,642
	Total Public Utility Fund	\$ 11,199,066
	Mass Transit Fund:	
	Net pension liability	\$ 41,213
	Net OPEB liability	172,332
	Compensated absences	116,517
	Total Mass Transit Fund	\$ 330,062
	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)	\$ 344,043
200,689	Series 2021 general obligation refunding bonds due in various annual installments through November 2042, interest at various rates (23,497,479 of original issue allocated to governmental, \$2,471,174 to stormwater, \$935,659 to Utility and \$200,689 to Golf)	200,689
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)	2,325,750
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)	316,750
	Total general obligation bonds	\$ 3,187,232
	Premium on bonds payable	439,271
	Lease liability	110,963
	Net pension liability	8,045
	Net OPEB liability	33,639
	Compensated absences	38,293
	Total Golf Course Fund	\$ 3,817,443
	Total business-type activities	\$ 15,346,571

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize business-type activities obligations outstanding as of June 30, 2022 are as follows:

Year Ending June 30,	Direct Borrowings and Direct Placements				Notes Payable		Lease Liability	
	General Obligation Bonds				Public Utility Fund		Golf Course Fund	
	Public Utility Fund		Golf Course Fund		Public Utility Fund		Golf Course Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 240,717	\$ 322,300	\$ 121,736	\$ 143,910	\$ 388,270	\$ 104,657	\$ 55,204	\$ 810
2024	246,230	306,068	126,893	136,734	401,679	91,248	55,759	256
2025	259,682	297,274	132,870	131,011	415,550	77,376	-	-
2026	274,854	284,523	139,026	124,321	429,902	63,025	-	-
2027	301,246	282,106	150,207	119,592	444,748	48,179	-	-
2028	301,753	260,938	154,289	110,069	460,107	32,820	-	-
2029	323,835	260,835	164,750	104,921	473,338	16,949	-	-
2030	329,687	238,798	171,526	94,733	241,424	2,400	-	-
2031	323,808	212,258	176,857	82,894	-	-	-	-
2032	361,769	228,809	188,973	80,481	-	-	-	-
2033	365,377	203,007	195,268	69,414	-	-	-	-
2034	376,413	188,907	205,978	60,549	-	-	-	-
2035	425,070	206,407	183,707	58,998	-	-	-	-
2036	440,582	182,587	191,494	49,855	-	-	-	-
2037	462,136	163,916	197,077	41,868	-	-	-	-
2038	479,034	144,662	206,235	34,209	-	-	-	-
2039	505,760	124,007	213,605	26,674	-	-	-	-
2040	527,831	104,007	222,799	19,456	-	-	-	-
2041	544,903	84,748	14,993	16,076	-	-	-	-
2042	112,880	115,213	24,212	24,712	-	-	-	-
2043	22,092	22,421	4,737	4,809	-	-	-	-
Total	\$ 7,225,659	\$ 4,233,791	\$ 3,187,232	\$ 1,535,286	\$ 3,255,018	\$ 436,654	\$ 110,963	\$ 1,066

Governmental Activities	Business-type Activities	Total
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Notes Payable:

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

\$	-	\$ 3,255,018	\$ 3,255,018
Total notes payable	\$	-	\$ 3,255,018

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Business-type Activities

The general obligation bonds payable totaling \$7,225,659 in the Public Utility Fund are secured by the full faith and credit of the City are expected to be paid from water utility fund service revenues. General obligation bonds payable totaling \$3,187,232 are expected to be paid from the operating revenues of the Golf Course.

Note 8—Unearned/Deferred/Unavailable Revenue:

The following is a summary of unearned/deferred/unavailable revenue for the year ended June 30, 2022:

Description	Governmental Funds			
	Unearned		Total Governmental Funds	Deferred Governmental Activities
	Unavailable General Fund	Federal and State Projects Fund		
Prepaid property taxes	\$ 12,347	\$ -	\$ 12,347	\$ 12,347
Local delinquent real and personal property taxes	11,200,517	-	11,200,517	-
	<u>\$ 11,212,864</u>	<u>\$ -</u>	<u>\$ 11,212,864</u>	<u>\$ 12,347</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, 2022	Remaining Commitment
Park and Ride	\$ 4,899,875	\$ 4,865,925	\$ 33,950
Total	<u>\$ 4,899,875</u>	<u>\$ 4,865,925</u>	<u>\$ 33,950</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10—Risk Management:

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

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

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

Note 11—Litigation:

At June 30, 2022, the City had the following matters of Litigation that have been settled or still pending:

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

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

Note 12—Pension Plan:

Plan Description

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

Note 12—Pension Plan: (Continued)

Benefit Structures

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

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

Average Final Compensation and Service Retirement Multiplier

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 12—Pension Plan: (Continued)

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

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

Employees Covered by Benefit Terms

As of the June 30, 2020 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	868
Inactive members:	
Vested inactive members	159
Non-vested inactive members	245
Active members active elsewhere in VRS	520
Total inactive members	<u>924</u>
Active members	552
Total covered employees	<u><u>2,344</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, 2022 was 11.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020.

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 \$2,820,907 and \$2,792,294 for the years ended June 30, 2022 and June 30, 2021, respectively.

Note 12—Pension Plan: (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The City’s net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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

Mortality rates:

- All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related
- Pre-Retirement:
 - Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
- Post-Retirement:
 - Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
- Post-Disablement:
 - Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 12—Pension Plan: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 12—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the City was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, 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, 2022 (Continued)

Note 12—Pension Plan: (Continued)

Discount Rate: (Continued)

30, 2021, 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, 2021 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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2020	\$ 183,283,505	\$ 156,232,764	\$ 27,050,741
Changes for the year:			
Service cost	\$ 2,990,366	\$ -	\$ 2,990,366
Interest	11,973,334	-	11,973,334
Changes of assumptions	8,654,151	-	8,654,151
Differences between expected and actual experience	(4,135,422)	-	(4,135,422)
Contributions - employer	-	2,778,162	(2,778,162)
Contributions - employee	-	1,253,770	(1,253,770)
Net investment income	-	41,866,122	(41,866,122)
Benefit payments, including refunds of employee contributions	(11,801,559)	(11,801,559)	-
Administrative expenses	-	(108,818)	108,818
Other changes	-	3,746	(3,746)
Net changes	\$ 7,680,870	\$ 33,991,423	\$ (26,310,553)
Balances at June 30, 2021	\$ 190,964,375	\$ 190,224,187	\$ 740,188

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	23,412,437	740,188	(18,128,624)

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (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, 2022, the City recognized pension expense of \$686,810. At June 30, 2022, 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	\$ -	\$ 1,981,556
Change in assumptions	4,146,781	-
Net difference between projected and actual earnings on pension plan investments	-	20,639,593
Employer contributions subsequent to the measurement date	<u>2,820,907</u>	<u>-</u>
Total	<u>\$ 6,967,688</u>	<u>\$ 22,621,149</u>

\$2,820,907 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, 2023. 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>	
2023	\$ (2,658,952)
2024	(4,692,521)
2025	(4,805,658)
2026	(6,317,237)
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021-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, 2022 (Continued)

Note 13—Landfill Closure and Postclosure Care Costs:

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

Note 14—Expenditures and Appropriations:

The following functions had expenditures in excess of appropriations: General government administration (\$16,897, Public Works \$706,988 and Nondepartmental \$595,588).

Note 15—Other Postemployment Benefits:

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

Plan Description

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

Benefits Provided

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

Plan Membership

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Contributions

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

Net/Total OPEB Liability

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

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	1.92%

Discount Rate

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

Changes in Net/Total OPEB Liability

Changes in Net OPEB Liability - City	
	Primary Government Total OPEB Liability
Balances at June 30, 2020	\$ 1,210,000
Changes for the year:	
Service cost	60,000
Interest	30,000
Difference between expected and actual experience	273,000
Changes in assumptions	154,000
Contributions - employer	(94,000)
Net changes	\$ 423,000
Balances at June 30, 2021	\$ 1,633,000

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Sensitivity of the Total OPEB Liability to Changes in Discount Rate

The following amounts present the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (0.92%) or one percentage point higher (2.92%) than the current discount rate:

Rate		
1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
\$ 1,806,000	\$ 1,633,000	\$ 1,480,000

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

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

Rates		
1% Decrease (15.08% decreasing to 4.00%)	Healthcare Cost Trend (16.08% decreasing to 5.00%)	1% Increase (17.08% decreasing to 6.00%)
\$ 1,449,000	\$ 1,633,000	\$ 1,854,000

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$13,000. At June 30, 2022, 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	\$ 224,000	\$ 409,000
Changes in assumptions	184,000	71,000
Total	<u>\$ 408,000</u>	<u>\$ 480,000</u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

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

<u>Year Ended June 30</u>	
2023	\$ (89,000)
2024	(90,000)
2025	(13,000)
2026	78,000
2027	42,000
Thereafter	-

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

Plan Description

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

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

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

Eligible Employees

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

Note 15—Other Postemployment Benefits: (Continued)

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$140,743 and \$140,013 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the entity reported a liability of \$1,462,092 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.12560% as compared to 0.13100% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$24,665. 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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (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)

At June 30, 2022, 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	\$ 166,757	\$ 11,140
Net difference between projected and actual earnings on GLI OPEB program investments	-	348,970
Change in assumptions	80,605	200,045
Changes in proportion	140,591	159,803
Employer contributions subsequent to the measurement date	<u>140,743</u>	<u>-</u>
Total	<u>\$ 528,696</u>	<u>\$ 719,958</u>

\$140,743 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, 2023. 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>	
2023	\$ (107,263)
2024	(55,687)
2025	(32,500)
2026	(104,853)
2027	(31,702)
Thereafter	-

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. 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 Annual Report.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
Employers' Net GLI OPEB Liability (Asset)	\$	1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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, 2022 (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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Discount Rate: (Continued)

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, 2021 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	2,136,170	1,462,092	917,744

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Line of Duty Act (LODA) Program:

Plan Description

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Plan Description

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

Eligible Employees

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

Benefit Amounts

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

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

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the [Code of Virginia](#), as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2022 was \$722.55 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 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 \$157,697 and \$162,293 for the years ended June 30, 2022 and June 30, 2021, respectively.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Contributions: (Continued)

June 30, 2022, the entity reported a liability of \$5,198,365 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2021 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2021, the entity's proportion was 1.17880% as compared to 1.21780% at June 30, 2020.

For the year ended June 30, 2022, the entity recognized LODA OPEB expense of \$420,435. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

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

At June 30, 2022, 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	\$ 433,404	\$ 787,078
Net difference between projected and actual earnings on LODA OPEB plan investments	-	30,102
Change in assumptions	1,438,560	248,662
Change in proportion	274,591	590,525
Employer contributions subsequent to the measurement date	<u>157,697</u>	<u>-</u>
Total	<u>\$ 2,304,252</u>	<u>\$ 1,656,367</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

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

\$157,697 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity’s contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2023. 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>		
2023	\$	61,164
2024		62,547
2025		62,955
2026		63,388
2027		109,439
Thereafter		130,695

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.375%-4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2029
Ages 65 and older	Fiscal year ended 2024
Investment rate of return	2.16%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

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, 2021, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Plan</u>
Total LODA OPEB Liability	\$ 448,542
Plan Fiduciary Net Position	7,553
LODA Net OPEB Liability (Asset)	<u>\$ 440,989</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.68%

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 2.16% 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 2.16% 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, 2021.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.16%. 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, 2021, 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, 2022 (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 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	Discount Rate		
	1% Decrease (1.16%)	Current (2.16%)	1% Increase (3.16%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 5,980,026	\$ 5,198,365	\$ 4,577,271

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

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

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 4,265,390	\$ 5,198,365	\$ 6,394,632

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022 (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	\$ 528,696	\$ 719,958	\$ 1,462,092	\$ 24,665
Line of Duty Act Program	2,304,252	1,656,367	5,198,365	420,435
County Stand-Alone Plan	408,000	480,000	1,633,000	13,000
Totals	<u>\$ 3,240,948</u>	<u>\$ 2,856,325</u>	<u>\$ 8,293,457</u>	<u>\$ 458,100</u>

Note 16—Adoption of Accounting Principles:

The City implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires 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. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the lease(s):

	Governmental Activities	
Leasee activity		
Lease assets	\$ 636,416	
Lease liabilities	\$ 636,416	
	Business-type Activities	Golf Course Fund
Leasee activity		
Lease assets	\$ 165,619	\$ 165,619
Lease liabilities	\$ 165,619	\$ 165,619

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 17—Upcoming Pronouncements:

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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

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

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

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 18—Fair Value Measurements: (Continued)

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, 2022:

Investment	6/30/2022	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. Treasury Money Market Funds	\$ 664,474	\$ 664,474	\$ -	\$ -
Total	\$ 664,474	\$ 664,474	\$ -	\$ -

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- General Fund
 Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 34,457,439	\$ 34,457,439	\$ 40,927,048	\$ 6,469,609
Other local taxes	13,554,136	13,554,136	16,918,741	3,364,605
Permits, privilege fees and regulatory licenses	364,890	364,890	707,371	342,481
Fines and forfeitures	580,079	580,079	281,119	(298,960)
Revenue from use of money and property	297,500	297,500	(20,760)	(318,260)
Charges for services	3,084,544	3,084,544	4,000,996	916,452
Miscellaneous	923,500	923,500	256,324	(667,176)
Recovered costs	122,000	122,000	106,048	(15,952)
Intergovernmental:				
Commonwealth	16,336,591	16,407,867	14,256,777	(2,151,090)
Federal	5,003,944	5,003,944	4,572,240	(431,704)
Total revenues	\$ 74,724,623	\$ 74,795,899	\$ 82,005,904	\$ 7,210,005
Expenditures:				
Current:				
General government administration	\$ 7,669,979	\$ 7,669,979	\$ 7,686,876	\$ (16,897)
Judicial administration	4,289,715	4,360,991	3,767,607	593,384
Public safety	22,464,440	22,464,440	21,007,434	1,457,006
Public works	4,740,125	4,740,125	5,447,113	(706,988)
Health and welfare	16,220,832	16,220,832	12,314,881	3,905,951
Education	10,006,608	10,006,608	8,125,318	1,881,290
Parks, recreation, and cultural	1,782,644	1,782,644	1,693,272	89,372
Community development	880,366	880,366	608,029	272,337
Debt service:				
Principal retirement	1,684,292	1,684,292	1,637,492	46,800
Interest and other fiscal charges	1,442,977	1,442,977	1,261,435	181,542
Nondepartmental	1,827,215	1,827,215	2,422,803	(595,588)
Total expenditures	\$ 73,009,193	\$ 73,080,469	\$ 65,972,260	\$ 7,108,209
Excess (deficiency) of revenues over (under) expenditures	\$ 1,715,430	\$ 1,715,430	\$ 16,033,644	\$ 14,318,214
Other financing sources (uses):				
Transfers (out)	\$ (1,715,430)	\$ (1,715,430)	\$ (2,293,363)	\$ (577,933)
Total other financing sources (uses)	\$ (1,715,430)	\$ (1,715,430)	\$ (2,293,363)	\$ (577,933)
Changes in fund balance	\$ -	\$ -	\$ 13,740,281	\$ 13,740,281
Fund balances at beginning of year	-	-	31,703,365	31,703,365
Fund balances at end of year	\$ -	\$ -	\$ 45,443,646	\$ 45,443,646

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, 2021

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

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

2018	2017	2016	2015	2014
\$ 2,353,140	\$ 3,055,598	\$ 3,036,014	\$ 3,356,539	\$ 3,390,570
11,566,814	11,546,346	11,539,850	11,204,390	10,849,513
-	1,186,745	-	-	-
(5,239,864)	(5,065,312)	(4,369,974)	(209,785)	-
(10,540,638)	(10,321,304)	(9,904,881)	(9,212,842)	(9,127,979)
\$ (1,860,548)	\$ 402,073	\$ 301,009	\$ 5,138,302	\$ 5,112,104
170,510,520	170,108,447	169,807,438	164,669,136	159,557,032
<u>\$ 168,649,972</u>	<u>\$ 170,510,520</u>	<u>\$ 170,108,447</u>	<u>\$ 169,807,438</u>	<u>\$ 164,669,136</u>
\$ 2,606,309	\$ 2,460,903	\$ 3,709,379	\$ 4,137,457	\$ 3,913,309
1,090,142	1,028,699	1,210,165	1,351,478	1,353,263
11,137,059	17,049,569	2,433,881	6,468,611	19,817,721
(10,540,638)	(10,321,304)	(9,904,881)	(9,212,842)	(9,127,979)
(99,753)	(103,173)	(92,264)	(90,934)	(108,941)
(9,767)	(14,969)	(1,051)	(1,359)	1,045
\$ 4,183,352	\$ 10,099,725	\$ (2,644,771)	\$ 2,652,411	\$ 15,848,418
153,173,623	143,073,898	145,718,669	143,066,258	127,217,840
<u>\$ 157,356,975</u>	<u>\$ 153,173,623</u>	<u>\$ 143,073,898</u>	<u>\$ 145,718,669</u>	<u>\$ 143,066,258</u>
\$ 11,292,997	\$ 17,336,897	\$ 27,034,549	\$ 24,088,769	\$ 21,602,878
93.30%	89.83%	84.11%	85.81%	86.88%
\$ 22,168,909	\$ 19,745,912	\$ 24,318,079	\$ 26,986,626	\$ 26,328,270
50.94%	87.80%	111.17%	89.26%	82.05%

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Schedule of Employer Contributions - Pension Plans
 Years Ended June 30, 2013 through June 30, 2022

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)
2022	\$ 2,820,907	\$ 2,820,907	\$ -	\$ 25,655,629	11.00%
2021	2,792,294	2,792,294	-	25,589,062	10.91%
2020	3,098,568	3,098,568	-	26,724,512	11.59%
2019	2,912,650	2,912,650	-	24,955,928	11.67%
2018	2,601,279	2,601,279	-	22,168,909	11.73%
2017	2,371,484	2,371,484	-	19,745,912	12.01%
2016	3,708,507	3,708,507	-	24,318,079	15.25%
2015	4,065,367	4,065,367	-	26,986,626	15.25%
2014	3,915,014	3,915,014	-	26,328,270	14.87%
2013	3,853,122	3,853,122	-	25,912,053	14.87%

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

Notes to Required Supplementary Information - Pension Plans
Year Ended June 30, 2022

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

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

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

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of July 1, 2017 through July 1, 2021

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

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

Notes to Required Supplementary Information - City OPEB
Year Ended June 30, 2022

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

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	1.92%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at (16.08%) in 2022 and gradually declines to 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

Schedule of City's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

Measurement Dates Ending June 30, 2017 through June 30, 2021

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)
2021	0.1256%	\$ 1,462,092	\$ 25,928,358	5.64%	67.45%
2020	0.1310%	2,186,009	26,957,691	8.11%	52.64%
2019	0.1286%	2,080,623	25,064,922	8.30%	52.00%
2018	0.1178%	1,790,000	22,407,864	7.99%	51.22%
2017	0.1139%	1,715,000	21,017,588	8.16%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

Years Ended June 30, 2013 through June 30, 2022

Date	Contributions in Relation to		Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)			
2022	\$ 140,743	\$ 140,743	\$ -	\$ 26,063,472	0.54%
2021	140,013	140,013	-	25,928,358	0.54%
2020	140,180	140,180	-	26,957,691	0.52%
2019	130,338	130,338	-	25,064,922	0.52%
2018	116,521	116,521	-	22,407,864	0.52%
2017	109,291	109,291	-	21,017,588	0.52%
2016	131,087	131,087	-	24,733,312	0.53%
2015	143,793	143,793	-	27,130,758	0.53%
2014	139,900	139,900	-	26,396,244	0.53%
2013	137,971	137,971	-	26,032,307	0.53%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2022

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act Program (LODA)
For the Measurement Dates of June 30, 2017 through June 30, 2021

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)
2021	1.1788%	\$ 5,198,365	\$ Not Applicable	Not Applicable	1.68%
2020	1.2178%	5,100,418	Not Applicable	Not Applicable	1.02%
2019	1.3041%	4,679,038	Not Applicable	Not Applicable	0.79%
2018	1.1692%	3,666,000	Not Applicable	Not Applicable	0.60%
2017	1.3244%	3,480,000	Not Applicable	Not Applicable	1.30%

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

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

Schedule of Employer Contributions

Line of Duty Act Program (LODA)

For the Years Ended June 30, 2017 through June 30, 2022

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)
2022	\$ 157,697	\$ 157,697	\$ -	\$ Not Applicable	Not Applicable
2021	162,293	162,293	-	Not Applicable	Not Applicable
2020	165,503	165,503	-	Not Applicable	Not Applicable
2019	175,031	175,031	-	Not Applicable	Not Applicable
2018	124,538	124,538	-	Not Applicable	Not Applicable
2017	146,000	146,000	-	Not Applicable	Not Applicable

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

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

Notes to Required Supplementary Information
Line of Duty Act Program (LODA)
Year Ended June 30, 2022

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

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

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

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds
Combining Balance Sheet
At June 30, 2022

	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	\$ 17,354,858	\$ 499,764	\$ 4,041,418	\$ 250,071	\$ -	\$ -	\$ 22,146,111
Restricted cash	-	-	-	1,940,887	8,547	2,000	1,951,434
Receivables (Net of allowance for uncollectibles) Accounts	-	-	302,954	-	-	-	302,954
Prepaid items	30,650	71,772	5,163	-	-	-	107,585
Due from other funds	35,854	5,209	119,957	-	-	-	161,020
Due from other governments	179,130	49,184	-	-	-	-	228,314
Total assets	<u>\$ 17,600,492</u>	<u>\$ 625,929</u>	<u>\$ 4,469,492</u>	<u>\$ 2,190,958</u>	<u>\$ 8,547</u>	<u>\$ 2,000</u>	<u>\$ 24,897,418</u>
LIABILITIES							
Accounts payable	\$ 583,936	\$ 3,426	\$ 16,482	\$ -	\$ -	\$ -	\$ 603,844
Accrued salaries payable	89,279	1,252	7,828	-	-	-	98,359
Unearned revenue	11,993,671	-	-	-	-	-	11,993,671
Due to other funds	84,204	-	-	250,071	-	-	334,275
Total liabilities	<u>\$ 12,751,090</u>	<u>\$ 4,678</u>	<u>\$ 24,310</u>	<u>\$ 250,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,030,149</u>
FUND BALANCES							
Nonspendable:							
Cemetery Perpetual care	\$ -	\$ -	\$ -	\$ 1,940,887	\$ -	\$ -	\$ 1,940,887
Prepaid items	30,650	71,772	5,163	-	-	-	107,585
McKenney scholarships	-	-	-	-	8,547	-	8,547
Library	-	-	-	-	-	2,000	2,000
Restricted:							
Grants	4,818,752	549,479	-	-	-	-	5,368,231
Committed:							
Stormwater	-	-	4,440,019	-	-	-	4,440,019
Total fund balances	<u>\$ 4,849,402</u>	<u>\$ 621,251</u>	<u>\$ 4,445,182</u>	<u>\$ 1,940,887</u>	<u>\$ 8,547</u>	<u>\$ 2,000</u>	<u>\$ 11,867,269</u>
Total liabilities and fund balances	<u>\$ 17,600,492</u>	<u>\$ 625,929</u>	<u>\$ 4,469,492</u>	<u>\$ 2,190,958</u>	<u>\$ 8,547</u>	<u>\$ 2,000</u>	<u>\$ 24,897,418</u>

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2022

	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	\$ 10	\$ -	\$ -	\$ (75,055)	\$ -	\$ -	\$ (75,045)
Charges for services	-	-	1,511,484	6,820	-	-	1,518,304
Miscellaneous	80,549	-	-	-	-	-	80,549
Recovered costs	-	-	-	-	-	-	-
Intergovernmental:							
Commonwealth	6,882,889	-	-	-	-	-	6,882,889
Federal	3,296,906	485,093	-	-	-	-	3,781,999
Total revenues	\$ 10,260,354	\$ 485,093	\$ 1,511,484	\$ (68,235)	\$ -	\$ -	\$ 12,188,696
Expenditures:							
Judicial administration	\$ 336,339	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,339
Public safety	1,796,454	-	-	-	-	-	1,796,454
Public works	6,301,255	-	574,650	-	-	-	6,875,905
Health and welfare	1,831,821	-	-	-	-	-	1,831,821
Community development	-	396,482	-	-	-	-	396,482
Debt service:							
Principal retirement	-	-	60,000	-	-	-	60,000
Total expenditures	\$ 10,265,869	\$ 396,482	\$ 634,650	\$ -	\$ -	\$ -	\$ 11,297,001
Excess (deficiency) of revenues over (under) expenditures	\$ (5,515)	\$ 88,611	\$ 876,834	\$ (68,235)	\$ -	\$ -	\$ 891,695
Other financing sources (uses):							
Transfers in	\$ 48,172	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 108,172
Total other financing sources (uses)	\$ 48,172	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 108,172
Changes in fund balances	\$ 42,657	\$ 88,611	\$ 936,834	\$ (68,235)	\$ -	\$ -	\$ 999,867
Fund balances at beginning of year	4,806,745	532,640	3,508,348	2,009,122	8,547	2,000	10,867,402
Fund balances at end of year	\$ 4,849,402	\$ 621,251	\$ 4,445,182	\$ 1,940,887	\$ 8,547	\$ 2,000	\$ 11,867,269

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, 2022

	Federal and State Projects Fund			
	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 10	\$ 10
Charges for services	-	-	-	-
Miscellaneous	104,454	197,483	80,549	(116,934)
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	6,552,218	7,186,713	6,882,889	(303,824)
Federal	220,589	14,395,435	3,296,906	(11,098,529)
Total revenues	\$ 6,877,261	\$ 21,779,631	\$ 10,260,354	\$ (11,519,277)
Expenditures:				
Current:				
Judicial administration	\$ 294,118	\$ 359,648	\$ 336,339	\$ 23,309
Public safety	643,930	11,540,508	1,796,454	9,744,054
Public works	5,987,385	8,208,951	6,301,255	1,907,696
Health and welfare	-	3,672,455	1,831,821	1,840,634
Parks, recreation and cultural	-	-	-	-
Community development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	\$ 6,925,433	\$ 23,781,562	\$ 10,265,869	\$ 13,515,693
Excess (deficiency) of revenues over (under) expenditures	\$ (48,172)	\$ (2,001,931)	\$ (5,515)	\$ 1,996,416
Other financing sources (uses):				
Transfers in	\$ 48,172	\$ 48,172	\$ 48,172	\$ -
Total other financing sources (uses)	\$ 48,172	\$ 48,172	\$ 48,172	\$ -
Changes in fund balances	\$ -	\$ (1,953,759)	\$ 42,657	\$ 1,996,416
Fund balance at beginning of the year	-	1,953,759	4,806,745	2,852,986
Fund balance at end of the year	\$ -	\$ -	\$ 4,849,402	\$ 4,849,402

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,057,003	1,057,003	1,511,484	454,481
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
632,000	632,000	485,093	(146,907)	-	-	-	-
\$ 632,000	\$ 632,000	\$ 485,093	\$ (146,907)	\$ 1,057,003	\$ 1,057,003	\$ 1,511,484	\$ 454,481
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	909,612	909,612	574,650	334,962
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
632,000	632,000	396,482	235,518	-	-	-	-
-	-	-	-	60,000	60,000	60,000	-
-	-	-	-	87,391	87,391	-	87,391
\$ 632,000	\$ 632,000	\$ 396,482	\$ 235,518	\$ 1,057,003	\$ 1,057,003	\$ 634,650	\$ 422,353
\$ -	\$ -	\$ 88,611	\$ 88,611	\$ -	\$ -	\$ 876,834	\$ 876,834
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
\$ -	\$ -	\$ 88,611	\$ 88,611	\$ -	\$ -	\$ 936,834	\$ 936,834
-	-	532,640	532,640	-	-	3,508,348	3,508,348
\$ -	\$ -	\$ 621,251	\$ 621,251	\$ -	\$ -	\$ 4,445,182	\$ 4,445,182

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Combining Statement of Fiduciary Net Position - Custodial Funds
At June 30, 2022

	Special Welfare Fund	Drug Seizure Fund	Industrial Development Authority	Total
ASSETS				
Cash and cash equivalents	\$ 65,500	\$ 90,499	\$ -	\$ 155,999
Land held for resale	-	-	2,500,000	2,500,000
Total assets	<u>\$ 65,500</u>	<u>\$ 90,499</u>	<u>\$ 2,500,000</u>	<u>\$ 2,655,999</u>
NET POSITION				
Restricted For:				
Social services clients	\$ 65,500	\$ -	\$ -	\$ 65,500
Economic development			2,500,000	2,500,000
Drug funds	-	90,499	-	90,499
Total net position	<u>\$ 65,500</u>	<u>\$ 90,499</u>	<u>\$ 2,500,000</u>	<u>\$ 2,655,999</u>

Custodial Funds
Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2022

	Special Welfare Fund	Drug Seizure Fund	Industrial Development Authority	Total
Additions:				
Contributions				
Private contributions	\$ -	\$ -	\$ -	\$ -
Government contributions	-	-	-	-
Inmate contributions	-	-	-	-
Total contributions	\$ -	\$ -	\$ -	\$ -
Investment earnings:				
Interest	\$ 5	\$ -	\$ -	\$ 5
Total investment earnings	\$ 5	\$ -	\$ -	\$ 5
Total additions	\$ 5	\$ -	\$ -	\$ 5
Deductions:				
Drug Seizure disbursements	\$ -	\$ 5,420	\$ -	\$ 5,420
Total deductions	\$ -	\$ 5,420	\$ -	\$ 5,420
Net increase (decrease) in fiduciary net position	\$ 5	\$ (5,420)	\$ -	\$ (5,415)
Net position - beginning	65,495	95,919	2,500,000	2,661,414
Net position - ending	\$ 65,500	\$ 90,499	\$ 2,500,000	\$ 2,655,999

Supporting Schedules

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2022

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 24,299,632	\$ 24,299,632	\$ 26,357,812	\$ 2,058,180
Real and personal public service corporation property taxes	2,767,541	2,767,541	3,023,361	255,820
Personal property taxes	4,376,265	4,376,265	7,012,506	2,636,241
Mobile home taxes	17,954	17,954	28,613	10,659
Machinery and tools taxes	1,796,047	1,796,047	2,487,166	691,119
Penalties	600,000	600,000	857,731	257,731
Interest	600,000	600,000	1,159,859	559,859
Total general property taxes	\$ 34,457,439	\$ 34,457,439	\$ 40,927,048	\$ 6,469,609
Other local taxes:				
Local sales and use taxes	\$ 4,300,000	\$ 4,300,000	\$ 4,921,767	\$ 621,767
Consumer utility taxes	1,788,292	1,788,292	2,269,800	481,508
Business license taxes	2,034,213	2,034,213	2,983,740	949,527
Bank stock taxes	200,000	200,000	207,780	7,780
Motor vehicle licenses	500,000	500,000	834,382	334,382
Taxes on recordation and wills	232,150	232,150	626,768	394,618
Cigarette taxes	842,481	842,481	778,714	(63,767)
Admission and amusement taxes	7,000	7,000	15,945	8,945
Lodging taxes	550,000	550,000	753,088	203,088
Meals taxes	3,100,000	3,100,000	3,526,757	426,757
Total other local taxes	\$ 13,554,136	\$ 13,554,136	\$ 16,918,741	\$ 3,364,605
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 1,400	\$ 1,400	\$ 1,760	\$ 360
Other permits and licenses	363,490	363,490	705,611	342,121
Total permits, privilege fees and regulatory licenses	\$ 364,890	\$ 364,890	\$ 707,371	\$ 342,481
Fines and Forfeitures:				
Court fines and forfeitures	\$ 333,079	\$ 333,079	\$ 185,009	\$ (148,070)
Other fines and forfeitures	247,000	247,000	96,110	(150,890)
Total fines and forfeitures	\$ 580,079	\$ 580,079	\$ 281,119	\$ (298,960)
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ (37,402)	\$ (37,402)
Revenue from use of property	297,500	297,500	16,642	(280,858)
Total revenue from use of money and property	\$ 297,500	\$ 297,500	\$ (20,760)	\$ (318,260)

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2022 (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	\$ 42,980	\$ 42,980	\$ 34,593	\$ (8,387)
Court costs	182,534	182,534	157,470	(25,064)
Commonwealth attorney fees	3,074	3,074	3,090	16
Sheriff fees	105,750	105,750	69,546	(36,204)
Fire protection services	-	-	45	45
Other protection	3,000	3,000	-	(3,000)
Sanitation and waste removal	2,448,962	2,448,962	3,466,458	1,017,496
Recreation fees	15,000	15,000	18,302	3,302
Tourism charges	-	-	-	-
Treasurer's fees	112,530	112,530	79,934	(32,596)
Other services rendered	162,046	162,046	167,864	5,818
Library fees	8,668	8,668	3,694	(4,974)
Total charges for services	\$ 3,084,544	\$ 3,084,544	\$ 4,000,996	\$ 916,452
Miscellaneous:				
Payment in lieu of tax	\$ 850,000	\$ 850,000	\$ 2,370	\$ (847,630)
Other miscellaneous revenue	73,500	73,500	253,954	180,454
Total miscellaneous	\$ 923,500	\$ 923,500	\$ 256,324	\$ (667,176)
Recovered costs:				
Recoveries and rebates	\$ 45,000	\$ 45,000	\$ 60,512	\$ 15,512
Gasoline and other items	77,000	77,000	45,536	(31,464)
Total recovered costs	\$ 122,000	\$ 122,000	\$ 106,048	\$ (15,952)
Total revenue from local sources	\$ 53,384,088	\$ 53,384,088	\$ 63,176,887	\$ 9,792,799
Intergovernmental:				
Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 1,250	\$ 1,250	\$ 1,140	\$ (110)
Tax on deeds	50,000	50,000	144,659	94,659
Rolling stock tax	70,000	70,000	73,061	3,061
Auto rental tax	100,000	100,000	129,661	29,661
Communications tax	1,524,223	1,524,223	1,314,028	(210,195)
PPTRA	2,726,040	2,726,040	2,726,040	-
Total noncategorical aid	\$ 4,471,513	\$ 4,471,513	\$ 4,388,589	\$ (82,924)

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2022 (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	\$ 820,158	\$ 864,434	\$ 776,912	\$ (87,522)
Sheriff	575,963	602,963	665,845	62,882
Commissioner of the Revenue	156,429	156,429	143,699	(12,730)
Treasurer	117,529	117,529	110,036	(7,493)
Registrar/electoral board	92,776	92,776	71,532	(21,244)
Clerk of the Circuit Court	399,245	399,245	409,151	9,906
Total shared expenses	\$ 2,162,100	\$ 2,233,376	\$ 2,177,175	\$ (56,201)
Other categorical aid:				
Public assistance and welfare administration	\$ 4,113,398	\$ 4,113,398	\$ 3,103,283	\$ (1,010,115)
Comprehensive services act grant	2,719,984	2,719,984	1,733,481	(986,503)
Law enforcement	2,248,996	2,248,996	2,249,211	215
Library	171,136	171,136	170,294	(842)
VJCCCA grant	84,000	84,000	69,166	(14,834)
Other state funds	365,464	365,464	365,578	114
Total other categorical aid	\$ 9,702,978	\$ 9,702,978	\$ 7,691,013	\$ (2,011,965)
Total categorical aid	\$ 11,865,078	\$ 11,936,354	\$ 9,868,188	\$ (2,068,166)
Total Commonwealth	\$ 16,336,591	\$ 16,407,867	\$ 14,256,777	\$ (2,151,090)
Federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 5,003,944	\$ 5,003,944	\$ 4,221,523	\$ (782,421)
Other federal grants	-	-	350,717	350,717
Total federal government	\$ 5,003,944	\$ 5,003,944	\$ 4,572,240	\$ (431,704)
Total General Fund	\$ 74,724,623	\$ 74,795,899	\$ 82,005,904	\$ 7,210,005
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 15,972	\$ 15,972
Miscellaneous:				
Other projects	\$ -	\$ -	\$ 59,757	\$ 59,757
Total miscellaneous	\$ -	\$ -	\$ 59,757	\$ 59,757
Total revenue from local sources	\$ -	\$ -	\$ 75,729	\$ 75,729

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2022 (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	\$ -	\$ 4,863,011	\$ 4,583,397	\$ (279,614)
Total Commonwealth	\$ -	\$ 4,863,011	\$ 4,583,397	\$ (279,614)
Total Capital Projects Fund	\$ -	\$ 4,863,011	\$ 4,659,126	\$ (203,885)
Special Revenue Funds:				
Federal and State Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 10	\$ 10
Miscellaneous:				
Miscellaneous	104,454	197,483	80,549	(116,934)
Total revenue from local sources	\$ 104,454	\$ 197,483	\$ 80,559	\$ (116,924)
Intergovernmental:				
Commonwealth:				
Other categorical aid:				
Street grants	\$ 5,984,699	\$ 6,242,746	\$ 6,224,206	\$ (18,540)
Victim witness grants	73,529	73,529	58,672	(14,857)
PETRG	-	-	454,696	454,696
Fire program grant	-	229,632	131,220	(98,412)
Other state revenue	493,990	640,806	14,095	(626,711)
Total Commonwealth	\$ 6,552,218	\$ 7,186,713	\$ 6,882,889	\$ (303,824)
Federal government:				
Categorical aid:				
ARPA grant	\$ -	\$ 10,480,920	\$ 1,107,168	\$ (9,373,752)
ARPA utility relief grant	-	3,672,455	1,830,821	(1,841,634)
Other federal grants	220,589	242,060	358,917	116,857
Total Federal Government	\$ 220,589	\$ 14,395,435	\$ 3,296,906	\$ (11,098,529)
Total Federal and State Projects Fund	\$ 6,877,261	\$ 21,779,631	\$ 10,260,354	\$ (11,519,277)

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2022 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Primary Government: (Continued)				
Community Development Act Fund:				
Intergovernmental:				
Federal government:				
Categorical aid:				
Community development block grant	\$ 632,000	\$ 632,000	\$ 485,093	\$ (146,907)
Total Federal Government	\$ 632,000	\$ 632,000	\$ 485,093	\$ (146,907)
Total Community Development Act Fund	<u>\$ 632,000</u>	<u>\$ 632,000</u>	<u>\$ 485,093</u>	<u>\$ (146,907)</u>
Stormwater Fund:				
Revenue from local sources:				
Charges for services:				
Stormwater charges	\$ 1,057,003	\$ 1,057,003	\$ 1,511,484	\$ 454,481
Total Stormwater Fund	<u>\$ 1,057,003</u>	<u>\$ 1,057,003</u>	<u>\$ 1,511,484</u>	<u>\$ 454,481</u>
Blandford Cemetery Perpetual Care Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ (75,055)	\$ (75,055)
Total revenue from use of money and property	\$ -	\$ -	\$ (75,055)	\$ (75,055)
Charges for services:				
Sale of lots	\$ -	\$ -	\$ 6,820	\$ 6,820
Total charges for services	\$ -	\$ -	\$ 6,820	\$ 6,820
Total Blandford Cemetery Perpetual Care Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (68,235)</u>	<u>\$ (68,235)</u>
Total Nonmajor Funds	<u>\$ 8,566,264</u>	<u>\$ 23,468,634</u>	<u>\$ 12,188,696</u>	<u>\$ (11,279,938)</u>
Total Primary Government	<u>\$ 83,290,887</u>	<u>\$ 103,127,544</u>	<u>\$ 98,853,726</u>	<u>\$ (4,273,818)</u>

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2022

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	\$ 355,649	\$ 355,649	\$ 225,820	\$ 129,829
General and financial administration:				
City Manager	\$ 748,102	\$ 748,102	\$ 738,673	\$ 9,429
Public Relations	5,500	5,500	3,754	1,746
Legal services	341,892	341,892	310,759	31,133
Personnel	1,745,032	1,745,032	493,073	1,251,959
Commissioner of the Revenue	396,924	396,924	380,441	16,483
Assessor	558,537	558,537	485,544	72,993
Treasurer	237,435	237,435	242,502	(5,067)
Finance Director	1,057,903	1,057,903	1,030,169	27,734
Information systems	1,061,442	1,061,442	1,019,484	41,958
Central garage - motor vehicle repair	-	-	5,080	(5,080)
Billing and collections	660,887	660,887	768,511	(107,624)
Insurance - financial	20,000	20,000	1,610,077	(1,590,077)
Virginia Institute of Government	-	-	521	(521)
Total general and financial administration	\$ 6,833,654	\$ 6,833,654	\$ 7,088,588	\$ (254,934)
Board of Elections:				
Electoral board and officials	\$ -	\$ -	\$ 765	\$ (765)
Registrar	480,676	480,676	371,703	108,973
Total board of elections	\$ 480,676	\$ 480,676	\$ 372,468	\$ 108,208
Total general government administration	\$ 7,669,979	\$ 7,669,979	\$ 7,686,876	\$ (16,897)
Judicial administration:				
Courts:				
Circuit court	\$ 97,635	\$ 97,635	\$ 85,584	\$ 12,051
General district court	52,500	52,500	15,083	37,417
Magistrates	25,000	25,000	21,201	3,799
District J & D relations court	7,300	7,300	2,407	4,893
Clerk of the Circuit Court	758,182	758,182	704,824	53,358
Juvenile court services	216,345	216,345	130,066	86,279
Sheriff	1,785,653	1,812,653	1,595,339	217,314
Total courts	\$ 2,942,615	\$ 2,969,615	\$ 2,554,504	\$ 415,111
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,347,100	\$ 1,391,376	\$ 1,213,103	\$ 178,273
Total judicial administration	\$ 4,289,715	\$ 4,360,991	\$ 3,767,607	\$ 593,384
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 8,185,154	\$ 8,185,154	\$ 8,418,803	\$ (233,649)
Emergency communications	1,791,589	1,791,589	1,463,611	327,978
Code compliance	828,742	828,742	681,426	147,316
ARPA loss revenue	-	-	335,669	(335,669)
Criminal justice academy	25,000	25,000	4,102	20,898
Total law enforcement and traffic control	\$ 10,830,485	\$ 10,830,485	\$ 10,903,611	\$ (73,126)
Fire and rescue services:				
Fire department	\$ 6,841,890	\$ 6,841,890	\$ 6,817,777	\$ 24,113
Total fire and rescue services	\$ 6,841,890	\$ 6,841,890	\$ 6,817,777	\$ 24,113

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2022 (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	\$ 4,000,000	\$ 4,000,000	\$ 2,621,668	\$ 1,378,332
11th District Court services	99,954	99,954	91,910	8,044
Juvenile detention home	417,752	417,752	417,751	1
Total correction and detention	\$ 4,517,706	\$ 4,517,706	\$ 3,131,329	\$ 1,386,377
Other protection:				
Animal control	\$ 274,359	\$ 274,359	\$ 154,717	\$ 119,642
Total other protection	\$ 274,359	\$ 274,359	\$ 154,717	\$ 119,642
Total public safety	\$ 22,464,440	\$ 22,464,440	\$ 21,007,434	\$ 1,457,006
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering	\$ -	\$ -	\$ 34,980	\$ (34,980)
Public works	-	-	1,386	(1,386)
Total highways, streets, bridges and sidewalks	\$ -	\$ -	\$ 36,366	\$ (36,366)
Sanitation and waste removal:				
Refuse collection	\$ 1,565,000	\$ 1,565,000	\$ 1,543,485	\$ 21,515
Total sanitation and waste removal	\$ 1,565,000	\$ 1,565,000	\$ 1,543,485	\$ 21,515
Maintenance of general buildings and grounds:				
Building maintenance	\$ 3,138,594	\$ 3,138,594	\$ 3,830,593	\$ (691,999)
Cemeteries maintenance	36,531	36,531	36,669	(138)
Total maintenance of general buildings and grounds	\$ 3,175,125	\$ 3,175,125	\$ 3,867,262	\$ (692,137)
Total public works	\$ 4,740,125	\$ 4,740,125	\$ 5,447,113	\$ (706,988)
Health and welfare:				
Health:				
Health department	\$ 89,866	\$ 89,866	\$ 57,387	\$ 32,479
Central Virginia Health Services	610,000	610,000	610,000	-
Total health	\$ 699,866	\$ 699,866	\$ 667,387	\$ 32,479
Welfare:				
Social services	\$ 10,365,858	\$ 10,365,858	\$ 8,095,773	\$ 2,270,085
Comprehensive services	4,288,099	4,288,099	2,890,886	1,397,213
Mental health services	228,349	228,349	292,972	(64,623)
Legal aid	626,660	626,660	367,863	258,797
Crater District Area Agency on Aging	12,000	12,000	-	12,000
Total welfare	\$ 15,520,966	\$ 15,520,966	\$ 11,647,494	\$ 3,873,472
Total health and welfare	\$ 16,220,832	\$ 16,220,832	\$ 12,314,881	\$ 3,905,951

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2022 (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	\$ 6,608	\$ 6,608	\$ 4,945	\$ 1,663
Contributions to Component Unit - School Board	10,000,000	10,000,000	8,120,373	1,879,627
Total education	\$ 10,006,608	\$ 10,006,608	\$ 8,125,318	\$ 1,881,290
Parks, recreation and cultural:				
Parks and recreation:				
Parks and leisure services	\$ 584,229	\$ 584,229	\$ 555,855	\$ 28,374
Cultural:				
Library	\$ 1,103,382	\$ 1,103,382	\$ 1,066,785	\$ 36,597
Museum and visitor services	95,033	95,033	70,632	24,401
Total cultural	\$ 1,198,415	\$ 1,198,415	\$ 1,137,417	\$ 60,998
Total parks, recreation and cultural	\$ 1,782,644	\$ 1,782,644	\$ 1,693,272	\$ 89,372
Community development:				
Planning and community development:				
Planning	\$ 475,856	\$ 475,856	\$ 323,225	\$ 152,631
Economic development	350,665	350,665	244,804	105,861
Cooperative extension program	53,845	53,845	40,000	13,845
Total planning and community development	\$ 880,366	\$ 880,366	\$ 608,029	\$ 272,337
Total community development	\$ 880,366	\$ 880,366	\$ 608,029	\$ 272,337
Nondepartmental:				
Other nondepartmental	\$ 1,827,215	\$ 1,827,215	\$ 2,409,408	\$ (582,193)
Contingencies - other	-	-	13,395	(13,395)
Total nondepartmental	\$ 1,827,215	\$ 1,827,215	\$ 2,422,803	\$ (595,588)
Debt service:				
Principal retirement	\$ 1,684,292	\$ 1,684,292	\$ 1,637,492	\$ 46,800
Interest and fiscal charges	1,442,977	1,442,977	1,261,435	181,542
Total debt service	\$ 3,127,269	\$ 3,127,269	\$ 2,898,927	\$ 228,342
Total General Fund	\$ 73,009,193	\$ 73,080,469	\$ 65,972,260	\$ 7,108,209
Capital Projects Fund:				
Capital outlays / projects:				
Public works:				
Southside depot restoration	\$ -	\$ 92,753	\$ 4,999	\$ 87,754
Park and ride	-	4,591,377	4,888,394	(297,017)
Flow monitoring	-	-	189,396	(189,396)
Sycamore street bridge	-	-	13,206	(13,206)
S. Crater rd signal coordination	-	271,634	60,092	211,542
Total public works	\$ -	\$ 4,955,764	\$ 5,156,087	\$ (200,323)
Debt service:				
Bond issuance cost	\$ -	\$ -	\$ 580,349	\$ (580,349)
Total debt service	\$ -	\$ -	\$ 580,349	\$ (580,349)
Total Capital Projects Fund	\$ -	\$ 4,955,764	\$ 5,736,436	\$ (780,672)

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2022 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Special Revenue Funds:				
Federal and State Projects Fund:				
Judicial administration:				
Courts:				
Victim witness	\$ 294,118	\$ 294,118	\$ 252,208	\$ 41,910
Clerk of circuit court	-	44,059	46,800	(2,741)
LVA Cares	-	-	359	(359)
Library of Virginia - ARPA	-	21,471	16,208	5,263
Law library	-	-	20,764	(20,764)
Total judicial administration	\$ 294,118	\$ 359,648	\$ 336,339	\$ 23,309
Public Safety:				
Law Enforcement and Traffic Control:				
Community corrections	\$ 568,930	\$ 568,930	\$ 425,570	\$ 143,360
Coronavirus relief fund	-	-	156,363	(156,363)
JAG grant	-	60,289	50,267	10,022
Fire Program Grant	-	240,307	81,065	159,242
VDEM radio	-	58,590	-	58,590
DCJS promising youth opp grant	-	45,972	9,738	36,234
ARPA	-	10,480,920	1,107,168	9,373,752
Forfeited assets	-	-	3,718	(3,718)
Other contractual services	75,000	85,500	(37,435)	122,935
Total public safety	\$ 643,930	\$ 11,540,508	\$ 1,796,454	\$ 9,744,054
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets	\$ 5,987,385	\$ 8,199,190	\$ 6,292,981	\$ 1,906,209
Sanitation and waste removal:				
Litter control	\$ -	\$ 9,761	\$ 8,274	\$ 1,487
Total public works	\$ 5,987,385	\$ 8,208,951	\$ 6,301,255	\$ 1,907,696
Health and welfare:				
ARPA Utility Relief	\$ -	\$ 3,672,455	\$ 1,831,821	\$ 1,840,634
Total health and welfare	\$ -	\$ 3,672,455	\$ 1,831,821	\$ 1,840,634
Total Federal and State Projects Fund	\$ 6,925,433	\$ 23,781,562	\$ 10,265,869	\$ 13,515,693
Community Development Act Fund:				
Community Development:				
Other community development expenditures	\$ 632,000	\$ 632,000	\$ 396,482	\$ 235,518
Total community development	\$ 632,000	\$ 632,000	\$ 396,482	\$ 235,518
Total Community Development Act Fund	\$ 632,000	\$ 632,000	\$ 396,482	\$ 235,518
Stormwater Fund:				
Public works:				
Sanitation and waste removal:				
Stormwater management program	\$ 909,612	\$ 909,612	\$ 574,650	\$ 334,962
Debt service:				
Principal retirement	\$ 60,000	\$ 60,000	\$ 60,000	-
Interest and fiscal charges	87,391	87,391	-	87,391
Total debt service	\$ 147,391	\$ 147,391	\$ 60,000	\$ 87,391
Total Stormwater Fund	\$ 1,057,003	\$ 1,057,003	\$ 634,650	\$ 422,353
Total Nonmajor Funds	\$ 8,614,436	\$ 25,470,565	\$ 11,297,001	\$ 14,173,564
Total Primary Government	\$ 81,623,629	\$ 103,506,798	\$ 83,005,697	\$ 20,501,101

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)

	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 18,479,417	\$ 22,461,507	\$ 20,896,406	\$ 20,071,779
Restricted	8,699,721	3,149,244	3,011,799	4,275,250
Unrestricted	1,133,991	7,091,332	(18,593,137)	(20,842,395)
Total governmental activities	<u>\$ 28,313,129</u>	<u>\$ 32,702,083</u>	<u>\$ 5,315,068</u>	<u>\$ 3,504,634</u>
Business-type activities:				
Net investment in capital assets	\$ 40,518,560	\$ 41,072,153	\$ 39,271,737	\$ 38,557,116
Restricted	1,334,606	465,941	489,434	489,434
Unrestricted	(2,029,523)	(1,368,263)	(4,270,209)	(7,542,983)
Total business-type activities	<u>\$ 39,823,643</u>	<u>\$ 40,169,831</u>	<u>\$ 35,490,962</u>	<u>\$ 31,503,567</u>
Primary government				
Net investment in capital assets	\$ 58,997,977	\$ 63,533,660	\$ 60,168,143	\$ 58,628,895
Restricted	10,034,327	3,615,185	3,501,233	4,764,684
Unrestricted	(895,532)	5,723,069	(22,863,346)	(28,385,378)
Total primary government	<u>\$ 68,136,772</u>	<u>\$ 72,871,914</u>	<u>\$ 40,806,030</u>	<u>\$ 35,008,201</u>

Table 1

2017	2018	2019	2020	2021	2022
\$ 20,234,034	\$ 12,518,336	\$ 13,583,894	\$ 15,504,612	\$ 17,842,076	\$ 24,871,695
5,064,216	4,590,712	2,811,860	6,693,963	7,322,643	7,319,665
(9,320,682)	887,135	13,404,941	17,935,631	22,689,927	38,851,653
<u>\$ 15,977,568</u>	<u>\$ 17,996,183</u>	<u>\$ 29,800,695</u>	<u>\$ 40,134,206</u>	<u>\$ 47,854,646</u>	<u>\$ 71,043,013</u>
\$ 37,552,117	\$ 36,152,082	\$ 36,135,036	\$ 35,173,717	\$ 34,870,142	\$ 35,062,221
491,191	496,007	492,559	516,385	517,291	518,724
(5,953,216)	(4,806,833)	(3,770,607)	(96,065)	958,940	2,627,401
<u>\$ 32,090,092</u>	<u>\$ 31,841,256</u>	<u>\$ 32,856,988</u>	<u>\$ 35,594,037</u>	<u>\$ 36,346,373</u>	<u>\$ 38,208,346</u>
\$ 57,786,151	\$ 48,670,418	\$ 49,718,930	\$ 50,678,329	\$ 52,712,218	\$ 59,933,916
5,555,407	5,086,719	3,304,419	7,210,348	7,839,934	7,838,389
(15,273,898)	(3,919,698)	9,634,334	17,839,566	23,648,867	41,479,054
<u>\$ 48,067,660</u>	<u>\$ 49,837,439</u>	<u>\$ 62,657,683</u>	<u>\$ 75,728,243</u>	<u>\$ 84,201,019</u>	<u>\$ 109,251,359</u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental activities:										
General government administration	\$ 5,024,964	\$ 6,124,429	\$ 7,085,421	\$ 7,000,032	\$ 6,987,157	\$ 7,927,159	\$ 6,885,622	\$ 8,106,044	\$ 8,196,453	\$ 7,884,004
Judicial administration	2,329,886	2,409,720	2,392,925	2,324,844	2,424,147	3,856,067	3,782,333	4,143,228	4,737,723	4,030,925
Public safety	29,534,876	27,624,108	26,840,786	23,666,410	18,589,827	22,841,419	20,266,142	23,801,885	29,986,158	22,998,640
Public works	13,624,539	12,902,451	12,992,788	11,605,106	7,303,967	8,384,942	8,127,569	10,341,805	11,519,457	12,038,198
Health and welfare	12,472,778	13,358,082	13,703,670	13,488,320	13,891,867	14,560,418	14,495,922	15,810,384	15,949,344	14,502,982
Education	11,476,574	10,289,525	12,048,813	11,673,961	8,775,894	9,624,056	9,503,706	9,305,976	7,610,850	8,996,124
Parks, recreation, and cultural	7,557,488	2,819,867	2,445,593	2,216,162	1,642,337	2,160,173	2,001,456	2,187,262	1,955,150	1,907,411
Community development	3,277,237	3,855,151	6,152,338	6,286,581	6,324,991	3,806,619	522,584	1,115,561	1,565,541	1,005,192
Interest and other fiscal charges	1,228,991	1,016,546	1,541,463	1,648,599	1,768,995	2,217,670	2,129,755	1,878,322	1,548,769	1,753,548
Total governmental activities expenses	\$ 86,527,333	\$ 80,399,879	\$ 85,203,797	\$ 79,910,015	\$ 67,709,182	\$ 75,378,523	\$ 67,715,089	\$ 76,690,467	\$ 83,069,445	\$ 75,117,024
Business-type activities:										
Public Utility	\$ 9,490,563	\$ 9,095,733	\$ 10,141,929	\$ 10,248,093	\$ 10,639,774	\$ 12,441,601	\$ 12,141,089	\$ 12,012,231	\$ 12,683,017	\$ 12,115,671
Mass transit	4,233,740	4,343,710	4,429,192	5,133,570	4,359,362	4,606,470	4,561,067	4,656,217	5,401,586	5,280,861
Golf Course	1,110,021	1,203,286	1,256,939	1,186,181	969,240	1,036,387	1,080,225	1,187,580	1,221,635	1,201,336
Total business-type activities expenses	\$ 14,834,324	\$ 14,642,729	\$ 15,828,060	\$ 16,567,844	\$ 15,968,376	\$ 18,084,458	\$ 17,782,381	\$ 17,856,028	\$ 19,306,238	\$ 18,597,868
Total primary government expenses	\$ 101,361,657	\$ 95,042,608	\$ 101,031,857	\$ 96,477,859	\$ 83,677,558	\$ 93,462,981	\$ 85,497,470	\$ 94,546,495	\$ 102,375,683	\$ 93,714,892
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	\$ 197,449	\$ 247,798
Judicial administration	615,372	680,649	562,613	458,825	929,815	1,082,849	1,098,413	830,012	647,827	441,679
Public safety	461,406	536,074	723,770	973,578	725,906	602,947	612,964	555,338	799,484	811,555
Public works	2,125,662	3,042,325	3,155,209	3,394,087	4,116,778	3,893,878	3,637,859	2,760,827	3,396,254	4,984,762
Health and welfare	-	6,665	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	98,246	80,473	144,757	91,383	86,805	49,001	66,522	47,445	5,484	21,996
Community development	307,123	209,969	473,614	18,999	12,123	-	86	500	15,375	-
Operating grants and contributions:										
General government administration	291,559	305,503	299,039	335,426	302,173	289,748	290,210	312,073	294,900	325,267
Judicial administration	962,643	1,051,708	1,183,964	1,271,503	1,047,600	1,174,451	1,180,738	1,198,203	1,188,745	1,255,229
Public safety	7,096,135	7,682,641	7,280,645	4,722,327	3,885,072	5,471,648	4,673,680	13,430,779	15,269,093	11,607,313
Public works	5,001,123	5,167,493	5,400,118	6,887,122	3,683,938	1,329,953	1,484,487	1,948,746	2,240,216	4,956,409
Health and welfare	8,845,264	9,667,570	9,704,194	10,212,459	10,617,628	10,264,868	11,075,090	10,588,298	10,080,860	10,889,108
Parks, recreation, and cultural	274,093	145,774	145,622	181,506	148,257	114,812	149,229	156,433	171,136	170,294
Community development	1,081,150	850,812	444,873	438,227	852,535	446,356	615,138	486,924	883,690	485,093
Capital grants and contributions:										
Public works	1,014,283	6,312,018	3,154	26,804	-	-	-	-	-	-
Community development	-	19,920	-	-	-	-	-	-	-	-
Total governmental activities program revenues	\$ 28,524,773	\$ 35,988,010	\$ 29,699,120	\$ 29,121,091	\$ 26,799,318	\$ 25,084,492	\$ 25,031,926	\$ 32,616,159	\$ 35,190,513	\$ 36,196,503

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program revenues: (Continued)										
Business-type activities:										
Charges for services:										
Public Utility	\$ 9,130,177	\$ 9,107,233	\$ 8,758,140	\$ 7,180,519	\$ 12,334,213	\$ 13,055,145	\$ 14,620,549	\$ 14,424,910	\$ 14,495,995	\$ 13,287,803
Mass Transit	536,463	528,470	579,124	617,774	990,242	749,775	674,059	550,732	245,732	242,538
Golf course	709,000	701,000	694,111	693,901	703,735	660,498	657,094	774,390	887,952	1,033,380
Operating grants and contributions:										
Mass Transit	1,403,671	1,768,821	3,144,068	2,091,584	2,194,278	1,486,068	1,561,230	3,668,091	3,049,666	3,850,909
Capital grants and contributions										
Public Utility	-	-	-	-	-	-	-	-	-	-
Mass Transit	376,333	2,003,498	158,355	784,525	18,616	-	-	-	-	-
Total business-type activities program revenues	\$ 12,155,644	\$ 14,109,022	\$ 13,333,798	\$ 11,368,303	\$ 16,241,084	\$ 15,951,486	\$ 17,512,932	\$ 19,418,123	\$ 18,679,345	\$ 18,414,630
Total primary government program revenues	\$ 40,680,417	\$ 50,097,032	\$ 43,032,918	\$ 40,489,394	\$ 43,040,402	\$ 41,035,978	\$ 42,544,858	\$ 52,034,282	\$ 53,869,858	\$ 54,611,133
Net (expense) / revenue										
Governmental activities	\$ (58,002,560)	\$ (44,411,869)	\$ (55,504,677)	\$ (50,788,924)	\$ (40,909,864)	\$ (50,294,031)	\$ (42,683,163)	\$ (44,074,308)	\$ (47,878,932)	\$ (38,920,521)
Business-type activities	(2,678,680)	(533,707)	(2,494,262)	(5,199,541)	272,708	(2,132,972)	(269,449)	1,562,095	(626,893)	(183,238)
Total primary government net expense	\$ (60,681,240)	\$ (44,945,576)	\$ (57,998,939)	\$ (55,988,465)	\$ (40,637,156)	\$ (52,427,003)	\$ (42,952,612)	\$ (42,512,213)	\$ (48,505,825)	\$ (39,103,759)
General Revenues and Other Change in Net Position										
Governmental activities:										
General property taxes	\$ 33,726,929	\$ 34,394,416	\$ 33,418,636	\$ 31,963,589	\$ 34,862,878	\$ 36,240,761	\$ 35,340,387	\$ 34,934,870	\$ 36,683,485	\$ 42,444,952
Local sales and use taxes	3,738,656	3,530,101	3,715,835	3,528,238	3,663,381	3,870,538	4,068,868	4,235,470	4,361,778	4,921,767
Consumer utility taxes	1,761,728	1,638,787	1,715,224	1,918,122	1,758,638	1,635,049	2,013,020	1,975,148	1,978,526	2,269,800
Business license taxes	2,876,387	2,727,728	2,797,490	2,659,030	2,912,639	3,026,524	2,917,586	2,448,809	2,469,453	2,983,740
Motor Vehicle license taxes	502,714	487,391	420,192	389,349	372,125	534,372	330,908	634,750	812,060	834,382
Lodging taxes	273,899	268,575	256,522	320,486	436,032	541,498	578,420	550,594	629,072	753,088
Meals tax	2,211,886	2,423,433	2,571,793	2,948,184	2,843,808	3,421,414	3,494,500	2,987,766	3,364,238	3,526,757
Other local taxes	566,682	618,970	602,467	578,287	1,499,793	1,543,672	1,561,263	1,443,628	1,327,570	1,629,207
Unrestricted revenues from use of money and property	397,947	487,382	231,452	490,012	253,178	1,172,336	222,256	533,301	(267,183)	(79,833)
Miscellaneous	1,285,606	861,739	1,104,557	640,843	368,291	1,703,883	856,202	1,316,217	1,251,779	396,630
Grants and contributions not restricted to specific programs	4,835,521	4,936,135	4,828,315	4,749,525	5,129,284	4,579,424	4,568,152	4,513,924	4,356,459	4,388,589
Gain/(Loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Transfers (net)	(802,736)	(878,560)	-	(1,207,175)	(717,248)	(1,408,020)	(1,273,098)	(1,380,228)	(1,367,865)	(1,960,191)
Total governmental activities	\$ 51,375,219	\$ 51,496,097	\$ 51,662,483	\$ 48,978,490	\$ 53,382,799	\$ 56,861,451	\$ 54,678,464	\$ 54,194,249	\$ 55,599,372	\$ 62,108,888
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 6,051	\$ 1,335	\$ 1,181	\$ 4,971	\$ 3,362	\$ 7,596	\$ 12,083	\$ 8,296	\$ 906	\$ 1,433
Miscellaneous	-	-	-	-	-	-	-	-	10,458	83,587
Transfers	802,736	878,560	-	1,207,175	717,248	1,408,020	1,273,098	1,380,228	1,367,865	1,960,191
Total business-type activities	\$ 808,787	\$ 879,895	\$ 1,181	\$ 1,212,146	\$ 720,610	\$ 1,415,616	\$ 1,285,181	\$ 1,388,524	\$ 1,379,229	\$ 2,045,211
Total primary government	\$ 52,184,006	\$ 52,375,992	\$ 51,663,664	\$ 50,190,636	\$ 54,103,409	\$ 58,277,067	\$ 55,963,645	\$ 55,582,773	\$ 56,978,601	\$ 64,154,099
Change in Net Position										
Governmental activities	\$ (6,627,341)	\$ 7,084,228	\$ (3,842,194)	\$ (1,810,434)	\$ 12,472,935	\$ 6,567,420	\$ 11,995,301	\$ 10,119,941	\$ 7,720,440	\$ 23,188,367
Business-type activities	(1,869,893)	346,188	(2,493,081)	(3,987,395)	993,318	(717,356)	1,015,732	2,950,619	752,336	1,861,973
Total primary government	\$ (8,497,234)	\$ 7,430,416	\$ (6,335,275)	\$ (5,797,829)	\$ 13,466,253	\$ 5,850,064	\$ 13,011,033	\$ 13,070,560	\$ 8,472,776	\$ 25,050,340

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
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
2021	36,683,485	4,361,778	1,978,526	2,469,453	812,060	629,072	3,364,238	1,327,570	51,626,182

CITY OF PETERSBURG, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2013	2014	2015	2016	2017
General fund					
Nonspendable:					
Inventory and land held for resale	\$ 5,234,818	\$ 6,001,237	\$ 5,352,974	\$ 5,153,436	\$ 5,193,055
Interfund loans	250,071	250,071	250,071	250,071	252,904
Prepaid items	-	-	-	-	-
Restricted:					
Debt service	3,509,985	3,969,947	4,314,400	3,855,383	3,437,187
Grants	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	-	-	-	-
Unassigned	1,725,979	174,507	(5,011,152)	(7,728,395)	(143,933)
Total general fund	\$ <u>11,173,601</u>	\$ <u>10,395,762</u>	\$ <u>4,906,293</u>	\$ <u>1,530,495</u>	\$ <u>8,739,213</u>
All other governmental funds					
Nonspendable:					
Interfund loans - capital projects	\$ -	\$ -	\$ -	\$ -	\$ -
Cemetery Perpetual care and library	1,760,833	1,819,336	1,842,730	1,865,993	1,874,712
Prepaid items	-	7,019	-	-	-
McKenney scholarships	19,014	19,017	8,534	8,536	8,538
Restricted:					
Grants	293,342	1,310,891	1,160,535	2,400,721	3,180,966
Capital projects	2,943,987	2,695,274	9,546,748	9,039,068	6,309,968
Committed:					
Stormwater	-	-	-	-	751,013
Unassigned	-	-	-	-	-
Total all other governmental funds	\$ <u>5,017,176</u>	\$ <u>5,851,537</u>	\$ <u>12,558,547</u>	\$ <u>13,314,318</u>	\$ <u>12,125,197</u>
Total fund balances	\$ <u><u>16,190,777</u></u>	\$ <u><u>16,247,299</u></u>	\$ <u><u>17,464,840</u></u>	\$ <u><u>14,844,813</u></u>	\$ <u><u>20,864,410</u></u>

Table 4

	2018	2019	2020	2021	2022
\$	4,841,117	\$ 4,718,160	\$ 4,711,711	\$ 4,218,602	\$ 4,046,092
	-	250,071	415,501	404,799	368,945
	-	567,067	105,880	587,031	1,019,826
	7,200,123	5,454,572	5,243,476	1,260,498	992,504
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	2,803,522	8,060,337	12,936,270	25,232,435	39,016,279
\$	<u>14,844,762</u>	<u>19,050,207</u>	<u>23,412,838</u>	<u>31,703,365</u>	<u>45,443,646</u>
\$	-	\$ 4,499,198	\$ 4,251,288	\$ 4,487,003	\$ 4,637,613
	1,911,979	1,963,749	2,012,053	2,011,122	1,942,887
	-	2,454	-	36,411	107,585
	8,540	8,543	8,546	8,547	8,547
	2,670,193	839,568	4,673,364	5,302,974	5,368,231
	7,387,187	1,542,630	1,375,616	1,045,927	-
	1,767,815	2,629,682	3,090,764	3,508,348	4,440,019
	-	-	-	-	(1,192,173)
\$	<u>13,745,714</u>	<u>11,485,824</u>	<u>15,411,631</u>	<u>16,400,332</u>	<u>15,312,709</u>
\$	<u>28,590,476</u>	<u>30,536,031</u>	<u>38,824,469</u>	<u>48,103,697</u>	<u>60,756,355</u>

CITY OF PETERSBURG, VIRGINIA

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

	2013	2014	2015	2016	2017
Revenues:					
General property taxes	\$ 33,787,723	\$ 33,299,800	\$ 32,558,767	\$ 34,495,560	\$ 33,735,254
Other local taxes	11,931,952	11,694,985	12,079,523	12,341,696	13,486,416
Permits, privilege fees and regulatory licenses	589,836	570,939	686,551	496,899	545,099
Fines and forfeitures	784,879	714,870	765,358	407,471	765,982
Revenue from use of money and property	397,947	487,382	231,452	489,754	253,178
Charges for services	2,583,808	3,498,762	3,785,602	4,141,347	4,951,034
Miscellaneous	1,285,606	861,739	1,104,557	641,101	368,291
Recovered costs	1,153,960	1,189,699	312,402	416,380	906,066
Intergovernmental:					
Commonwealth	23,044,851	23,487,926	23,548,977	22,492,191	19,273,814
Federal	6,356,920	6,444,971	5,740,947	6,332,708	6,392,673
Total revenues	\$ 81,917,482	\$ 82,251,073	\$ 80,814,136	\$ 82,255,107	\$ 80,677,807
Expenditures:					
General government administration	\$ 5,754,005	\$ 7,163,426	\$ 7,524,695	\$ 7,442,109	\$ 6,993,994
Judicial administration	2,179,386	2,491,818	2,463,424	2,382,411	2,605,677
Public safety	28,748,274	27,484,115	27,606,870	23,060,160	19,146,589
Public works	11,822,628	11,417,788	10,981,210	12,285,985	6,368,696
Health and welfare	12,077,260	12,943,794	13,680,829	13,319,206	13,281,272
Education	12,464,698	10,858,309	12,162,407	12,071,503	8,969,881
Parks, recreation, and cultural	7,711,017	2,968,898	2,410,228	2,155,546	1,429,786
Community development	3,210,767	3,845,518	6,173,516	6,177,866	5,999,339
Nondepartmental	1,583,016	1,740,834	1,499,907	1,316,723	2,660,937
Debt service:					
Principal retirement	4,422,975	2,350,820	1,274,446	4,741,043	4,681,403
Interest and other fiscal charges	1,309,349	1,306,617	2,603,645	1,715,407	1,803,387
Total expenditures	\$ 91,283,375	\$ 84,571,937	\$ 88,381,177	\$ 86,667,959	\$ 73,940,961
Excess (deficiency) of revenues over expenditures	\$ (9,365,893)	\$ (2,320,864)	\$ (7,567,041)	\$ (4,412,852)	\$ 6,736,846
Other financing sources (uses):					
Transfers in	\$ 1,291,148	\$ 870,061	\$ 235,078	\$ 719,040	\$ -
Transfers (out)	(2,093,885)	(1,748,621)	(235,078)	(1,926,215)	(717,248)
Proceeds from capital leases	1,030,747	691,910	703,067	-	-
Sale of assets	-	-	-	-	-
Issuance of debt	5,000,000	2,330,000	7,292,000	3,000,000	-
Premium(discount) on debt issued	-	234,035	789,515	-	-
Proceeds from refunding bonds	3,751,828	-	-	-	-
Payment to refunded bond escrow agent	(1,831,338)	-	-	-	-
Total other financing sources (uses)	\$ 7,148,500	\$ 2,377,385	\$ 8,784,582	\$ 1,792,825	\$ (717,248)
Net changes in fund balances	\$ (2,217,393)	\$ 56,521	\$ 1,217,541	\$ (2,620,027)	\$ 6,019,598
Debt service as a percentage of noncapital expenditures	6.63%	4.58%	4.49%	7.81%	9.01%

Table 5

2018	2019	2020	2021	2022
\$ 33,025,417	\$ 35,568,665	\$ 34,396,701	\$ 36,695,007	\$ 40,927,048
14,573,067	14,964,565	14,276,165	14,942,697	16,918,741
272,177	364,217	346,167	619,222	707,371
774,641	826,862	643,894	525,460	281,119
1,172,336	222,256	533,301	(267,183)	(79,833)
4,945,838	4,372,275	3,504,642	3,917,191	5,519,300
1,703,883	856,202	1,316,217	1,251,779	396,630
353,329	327,426	282,429	170,388	106,048
17,443,094	16,713,422	24,501,093	22,280,665	25,723,063
6,228,166	7,323,302	8,134,287	12,204,434	8,354,239
\$ 80,491,948	\$ 81,539,192	\$ 87,934,896	\$ 92,339,660	\$ 98,853,726
\$ 8,262,762	\$ 7,598,603	\$ 8,780,693	\$ 7,507,691	\$ 7,686,876
3,917,266	4,091,040	3,928,809	4,298,321	4,103,946
26,317,824	23,390,248	23,240,927	26,129,925	22,803,888
8,414,780	8,345,458	10,230,844	12,459,452	17,479,105
14,710,607	15,319,790	15,764,953	14,752,981	14,146,702
8,992,665	9,190,686	9,142,690	7,458,660	8,125,318
2,005,047	2,006,816	1,962,496	1,574,889	1,693,272
1,583,268	1,072,643	1,229,689	1,708,693	1,004,511
1,056,598	845,624	234,946	984,043	2,422,803
16,330,767	4,156,967	1,953,305	3,259,171	1,697,492
2,889,705	2,111,875	1,906,699	1,558,741	1,841,784
\$ 94,481,289	\$ 78,129,750	\$ 78,376,051	\$ 81,692,567	\$ 83,005,697
\$ (13,989,341)	\$ 3,409,442	\$ 9,558,845	\$ 10,647,093	\$ 15,848,029
\$ 238,330	\$ 140,257	\$ 232,049	\$ 193,610	\$ 608,172
(1,646,350)	(1,413,355)	(1,612,277)	(1,561,475)	(2,568,363)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	25,968,653
(259,580)	-	951,754	-	97,038
27,205,000	-	5,274,750	-	-
(5,925,555)	-	(6,116,683)	-	(27,300,871)
\$ 19,611,845	\$ (1,273,098)	\$ (1,270,407)	\$ (1,367,865)	\$ (3,195,371)
\$ 5,622,504	\$ 2,136,344	\$ 8,288,438	\$ 9,279,228	\$ 12,652,658
21.29%	8.24%	5.13%	6.22%	4.74%

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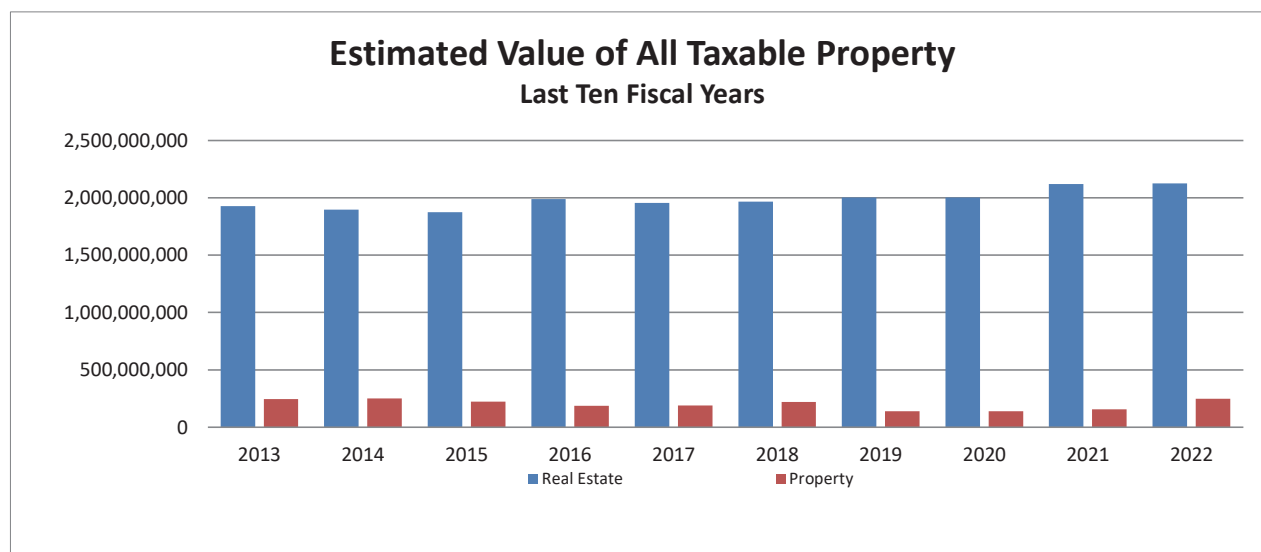
Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

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
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)
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
2021	2,119,250,297	155,301,766	2,274,552,063	1.43
2022	2,125,214,919	248,234,871	2,373,449,790	1.43

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)
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
2021	1.35	4.90	3.80	1.35	1.43
2022	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	2022			Rank	Percentage of Total Assessed Valuation
	Real Property Valuation	Personal Property Valuation	Total Valuation		
Bon Secours Mercy Health	\$ 100,070,100	\$ 11,459,369	\$ 111,529,469	1	5.07%
1200 Acqua LLC	43,533,900	-	43,533,900	2	1.98%
Addison @ Crater Woods LLC	22,230,000	-	22,230,000	3	1.01%
Old Towne Loft Apartments	22,140,100	-	22,140,100	4	1.01%
Tanglewood Apartment Equities LLC	19,584,000	-	19,584,000	5	0.89%
AMPAC Chemicals	18,767,000	2,263,785	21,030,785	6	0.96%
Brenco Incorporated	18,475,000	15,544,459	34,019,459	7	1.55%
109 Perry Street LLC	16,691,300	-	16,691,300	8	0.76%
Summit Woodrock Partners LLC	14,285,500	-	14,285,500	9	0.65%
Petersburg Lofts Richmond Dunlop St	12,269,700	-	12,269,700	10	0.56%
Total	\$ 288,046,600	\$ 29,267,613	\$ 317,314,213		14.42%

Source: Commissioner of the Revenue

Table 9

2013				
Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	Percentage of Total Assessed Valuation
\$ 98,710,100	\$ 10,171,396	\$ 108,881,496	1	4.89%
-	-	-		
26,628,600	-	26,628,600	5	1.20%
-	-	-		
-	-	-		
-	-	-		
18,309,300	12,556,034	30,865,334	4	1.39%
14,233,000	-	14,233,000	8	0.64%
-	-	-		
-	-	-		
<u>\$ 315,762,000</u>	<u>\$ 45,454,860</u>	<u>\$ 361,216,860</u>		<u>8.12%</u>

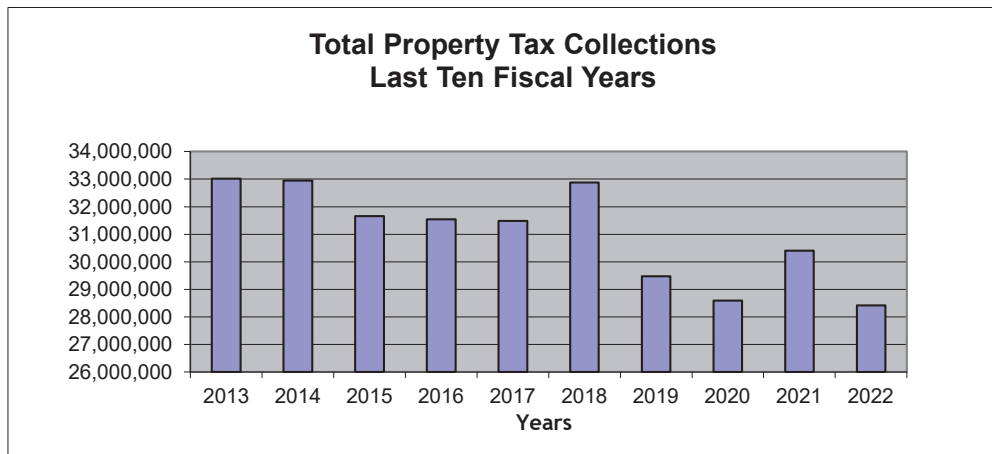
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Property Tax Levies and Collections
Last Ten Fiscal Years

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				
2013	\$ 33,280,733	\$ 31,079,168	93.38%	\$ 1,943,276	\$ 33,022,444	99.22%	\$ 258,289		0.78%
2014	33,169,073	30,643,027	92.38%	2,303,195	32,946,222	99.33%	222,851		0.67%
2015	31,769,767	30,122,272	94.81%	1,531,083	31,653,355	99.63%	116,412		0.37%
2016	31,753,778	30,451,031	95.90%	1,087,850	31,538,881	99.32%	214,897		0.68%
2017	32,108,130	29,588,251	92.15%	1,894,729	31,482,980	98.05%	625,150		1.95%
2018	33,529,282	25,222,970	75.23%	7,654,018	32,876,988	98.05%	652,294		1.95%
2019	30,428,938	23,330,091	76.67%	6,139,786	29,469,877	96.85%	959,061		3.15%
2020	30,511,970	21,430,120	70.24%	7,162,550	28,592,670	93.71%	1,919,300		6.29%
2021	32,789,507	22,778,383	69.47%	7,628,759	30,407,142	92.73%	2,382,365		7.27%
2022	36,012,053	28,421,149	78.92%	-	28,421,149	78.92%	7,590,904		21.08%

(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	Lease Liabilities	Notes Payable		
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
2021	35,633,688	2,060,000	50,000	-	-		1,931,857
2022	34,541,705	2,471,174	-	652,204	-		1,731,857

(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)	Notes Payable	Total Primary Government	Population (1)	Percentage of Personal Income (2)	Net Obligations per Capita
\$ 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	31,430	N/A	2,116
11,444,359	4,246,701	61,664,542	31,673	N/A	1,947
10,904,196	3,993,107	57,832,019	33,458	N/A	1,728
10,584,674	3,630,327	53,890,546	33,458	N/A	1,611
10,412,891	3,255,018	53,064,849	33,466	N/A	1,586

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
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	31,430	2,186,364,151	52,772,784	52,772,784	2.41%	1,679
2019	31,673	2,142,220,317	50,976,853	50,976,853	2.38%	1,609
2020	33,458	2,140,440,251	47,950,384	47,950,384	2.24%	1,433
2021	33,458	2,274,552,063	46,218,362	46,218,362	2.03%	1,381
2022	33,466	2,373,449,790	44,954,596	44,954,596	1.89%	1,343

(1) United States Census

(2) From Table 7

Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin
Fiscal Year Ended June 30, 2022

	<u>Total Direct Debt (1)</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
City of Petersburg	\$ 38,744,736	100%	\$ 38,744,736
Total assessed value of real estate			\$ <u>2,125,214,919</u>
10% legal debt limit			\$ <u>212,521,492</u>

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

General Obligation Bonds	\$ 34,541,705
Stormwater Revenue Bonds	2,471,174
School Qualified Zone Academy Bonds	<u>1,731,857</u>
Total	\$ <u>38,744,736</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:								
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	
2021	14,497,874	12,232,818	2,265,056	577,780	450,199	1,027,979	2.20	
2022	13,290,955	11,724,514	1,566,441	605,309	391,154	996,463	1.57	
Golf Course Fund:								
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	
2021	887,952	1,083,768	(195,816)	104,522	137,867	242,389	-0.81	
2022	1,033,380	1,081,792	(48,412)	110,101	119,544	229,645	-0.21	

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

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

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

Demographic Statistics

Fiscal Year	Registered Voters	School Enrollment	Unemployment Rate	Population (1)
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
2021	21,957	4,045	11.20%	33,458
2022	23,541	4,179	6.60%	33,466

Census Statistics

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

(1) Virginia Department of Elections

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

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

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

Major Private Employers
Fiscal Year Ended June 30, 2021

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

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

People who live and work in the area	2,599
In-commuters	10,400
Out-commuters	11,780
Net In-commuters (In commuters minus Out-commuters)	(1,380)

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, 2014

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021
City:										
Salaried	773	770	608	351	497	649	631	639	619	538
Part-time temporary	322	300	229	154	119	93	99	81	75	105
Public safety										
Police protection	160	166	152	92	104	125	108	108	100	90
Fire protection	98	98	98	65	75	80	78	78	70	60
Jail facilities	94	95	95	0	0	0	0	0	0	0
School Board										
Administrative personnel	37	37	37	37	43	48	49	43	32	32
Instructional personnel	617	617	617	592	564	460	531	396	340	356
All other personnel	183	183	183	164	144	154	135	173	206	190
Totals *	<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>	<u>1,272</u>	<u>1,221</u>

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

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

CITY OF PETERSBURG, VIRGINIA

Operating Indicators by Function Last Ten Fiscal Years

	2013	2014	2015	2016	2017
Police protection:					
Law violations	6,776	6,165	6,022	6,027	6,215
Traffic violations	8,390	6,429	6,005	5,762	5,904
Arrests reported:					
Adults	3,194	2,626	2,252	2,088	1,911
Juveniles	95	77	45	23	75
Calls for service	37,572	44,550	49,485	47,561	47,961
Jail facility inmates:					
Jail	191	178	n/a	n/a	n/a
Jail annex	26	30	n/a	n/a	n/a
Riverside Regional	86	100	n/a	n/a	n/a
Community Development:					
Building permits:					
Number issued	904	865	771	208	716
Valuation	38,993,367	16,068,316	31,578,787	13,906,675	28,853,709
Public Utilities:					
Number of active consumers	11,388	12,297	12,297	11,896	11,986
Water purchased (annually)-gallons	1.73 billion	1.6 billion	1.6 billion	1.8 billion	1.72 billion

n/a = not available at publication

Source: Individual City departments

Table 18

2018	2019	2020	2021	2022
7,431	7,966	6,561	6,969	5,185
13,116	9,375	7,354	2,877	3,833
3,176	3,471	2,496	1,648	2,930
79	66	30	17	56
53,406	48,289	45,533	32,060	52,030
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
557	471	589	854	1,129
16,093,502	18,974,495	2,116,554	38,640,171	168,687,543
11,503	11,560	n/a	n/a	11,760
1.80 billion	1.74 billion	n/a	n/a	n/a

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire protection:										
Number of stations	4	3	3	4	4	4	4	4	4	4
Public works:										
Streets and sidewalks:										
Streets - primary - miles	107	107	107	107	104	104	104	104	104	104
Streets - secondary - miles	281	281	281	281	291	291	291	291	291	291
Sidewalks - miles	72	72	72	72	72	72	72	72	72	72
Street lights	3,090	3,335	3,335	3,335	3,540	3,560	3,560	3,560	3,560	3,560
Traffic signals:										
Signalized intersections	58	62	62	47	47	47	47	47	47	47
Lights	1,450	1,450	1,450	1,330	1,330	1,330	1,330	1,330	1,330	1,330
Heads	464	464	464	455	455	455	455	455	455	455
Curbs	39	39	39	39	39	39	39	39	39	39
School signals (flashing lights)	18	18	18	18	20	19	19	19	19	19
Other signals (flashing lights)	7	7	7	7	7	7	7	7	7	7
Caution flashing lights	14	14	14	14	0	0	0	0	0	0
Pedestrian signals	112	112	112	112	112	112	112	112	112	112
Sewers:										
Storm - miles	19	19	19	19	19	19	140	140	140	140
Sanitary - miles	211	211	211	211	211	211	211	200	200	200
Wastewater Pump Stations							18	18	18	18
Public Utilities:										
Water mains - miles	275	275	275	275	260	260	225	225	225	225
Number of hydrants	1,378	1,378	1,378	1,375	1,378	1,378	1,500	1,500	1,500	1,500
Water pump stations							2	2	2	2
Ground level water storage tanks:										
5.6 million gallons	1	1	1	1	1	1	1	1	1	1
1.3 million gallons	1	1	1	1	1	1	1	1	1	1
Elevated water storage tanks:										
.5 million gallons	1	1	1	1	1	1	1	1	1	1
1.0 million gallons	2	2	2	2	2	2	2	2	2	2
1.9 million gallons	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Parks and recreation:										
Fishing and picnic area (350 acres)	1	1	1	2	2	2	2	2	2	2
Downtown (12.3 acres)	1	1	1	1	1	1	1	1	1	1
Playground (52.8 acres)	12	12	12	12	12	12	12	12	12	12
Golf course	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts (lighted)	14	14	14	9	9	9	9	9	9	9
Recreation centers	3	3	3	1	1	1	1	1	1	1
Ballfields	4	4	4	4	4	4	4	4	4	4
Sports complex	1	1	1	1	1	1	1	1	1	1
Education:										
Schools:										
Senior high school grades 9-12	1	1	1	1	1	1	1	1	1	1
Junior high school grade 8	1	1	1	1	1	1	1	1	1	1
Middle school grades 6-7	1	1	1	1	1	1	1	1	1	1
Elementary schools K-5	4	4	4	4	4	4	4	4	4	4
Early childhood center	1	1	1	1	1	1	1	1	1	1

Source: Individual City departments



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, 2022, 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 July 18, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items (2022-001, 2022-002, 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, 2022-008, 2022-009, 2022-010) that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Petersburg, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-011 and 2022-012.

City of Petersburg, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
July 18, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Petersburg, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Petersburg, Virginia's major federal programs for the year ended June 30, 2022. City of Petersburg, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Petersburg, Virginia's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

July 18, 2023

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Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2022

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
PRIMARY GOVERNMENT:				
<u>DEPARTMENT OF AGRICULTURE:</u>				
<u>Pass through payments:</u>				
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110	\$ -	\$ 942,936
<u>DEPARTMENT OF TRANSPORTATION:</u>				
<u>Direct payments:</u>				
Federal Transit Cluster:				
COVID-19-Federal Transit - Formula Grants	20.507	N/A	\$ -	\$ 1,684,547
Federal Transit - Formula Grants	20.507	N/A	\$ -	369,870
Total Federal Transit Cluster				\$ 2,054,417
<u>Pass through payments:</u>				
Division of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	Unknown	\$ -	\$ 27,341
Total Department of Transportation			\$ -	\$ 2,081,758
<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	\$ -	\$ 485,093
<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	\$ -	\$ 30,751
Title IV-E Prevention Program	93.472	1140122	-	7,144
Guardianship Assistance	93.090	1110121	-	548
Temporary Assistance for Needy Families	93.558	0400111	-	585,447
Refugee and Entrant Assistance State/Replacement				
Designee Administered Programs	93.566	0500111	-	2,704
Low-Income Home Energy Assistance	93.568	0600411	-	102,036
Child Care and Development Fund Cluster:				
Child Care and Development Block Grant	93.575	0770110	- \$	(956)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	-	125,702
Community-Based Child Abuse Prevention Grants	93.590	9560121		630
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110	-	1,406
Foster Care-Title IV-E	93.658	1100111	-	359,511
Adoption Assistance	93.659	1120111	-	953,493
Social Services Block Grant	93.667	1000111	-	593,746
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150110	-	20,571
Elder Abuse Prevention Interventions Program	93.747	8000221	-	6,476
Children's Health Insurance Program	93.767	0540111	-	5,339
Medicaid Cluster:				
Medical Assistance Program	93.778	1200111	-	484,038
Total Department of Health and Human Services			\$ -	\$ 3,278,586
<u>DEPARTMENT OF JUSTICE:</u>				
<u>Pass through payments:</u>				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	39001-46000	\$ -	\$ 188,978
Public Safety Partnership and Community Policing Grants	16.710	Unknown	-	4,559
Total Department of Justice			\$ -	\$ 193,537
<u>DEPARTMENT OF THE INTERIOR:</u>				
<u>Pass through payments:</u>				
Virginia Department of Historical Resources:				
Cultural Resources Management	15.946	Unknown	\$ -	\$ 7,480

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2022 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Agency Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
PRIMARY GOVERNMENT: (Continued)				
DEPARTMENT OF TREASURY:				
<u>Pass through payments:</u>				
The Library of Virginia: COVID-19 - Coronavirus Relief Fund	21.019	Unknown	\$ -	\$ 39,047
Virginia Department of Accounts: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT0022	\$ -	3,380,219
Total Department of Treasury			\$ -	\$ 3,419,266
Total Primary Government			\$ -	\$ 10,408,656
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	\$ -	\$ 175,937
Department of Education: COVID-19 -National School Lunch Program	10.555	17901-40623	\$ -	233,412
National School Lunch Program	10.555	17901-40623	-	1,794,647
School Breakfast Program	10.553	17901-40591	-	771,803
Fresh Fruit and Vegetable Program	10.582	17901-40599	-	147,674
Summer Food Service Program for Children	10.559	Unknown	-	33,297
Total Child Nutrition Cluster			\$ -	\$ 3,156,770
Child and Adult Care Food Program	10.558	17901-40599	-	2,890
COVID-19-Pandemic EBT Administrative Costs	10.649			3,063
Total Department of Agriculture			\$ -	\$ 3,162,723
DEPARTMENT OF DEFENSE:				
<u>Direct payments:</u>				
ROTC Instruction	12.000	N/A	\$ -	\$ 55,152
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Pass through payments:</u>				
City of Richmond, Virginia: Head Start Cluster: Head Start	93.600	Unknown	\$ -	\$ 1,200,111
Total Department of Health and Human Services				\$ 1,200,111
DEPARTMENT OF EDUCATION:				
<u>Pass through payments:</u>				
Department of Education: Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ -	\$ 3,633,105
Special Education Cluster (IDEA): Special Education Grants to States	84.027	17901-43071	\$ -	\$ 1,271,059
Special Education Preschool Grants	84.173	17901-62521	-	21,816
Total Special Education Cluster			\$ -	\$ 1,292,875
Career and Technical Education - Basic Grants to States	84.048	17901-61095	-	146,722
Education for Homeless Children and Youth	84.196	Unknown	-	67,235
School Safety National Activities	84.184	Unknown	-	44,109
School Improvement Grants	84.377	17901-43040	-	415,381
English Language Acquisition State Grants	84.365	17901-60512	-	14,311
Supporting Effective Instruction State Grants	84.367	17901-61480	-	253,951
Student Support and Academic Enrichment Program	84.424	17901-61480	-	236,612
COVID-19 - Education Stabilization Fund: Governor's Emergency Education Relief Fund	84.425C	Unknown	-	\$ 58,723
Elementary and Secondary School Emergency Relief Fund	84.425D	Unknown	-	6,705,284
Total Department of Education			\$ -	\$ 12,868,308
Total Component Unit School Board			\$ -	\$ 17,286,294
Total Expenditures of Federal Awards			\$ -	\$ 27,694,950

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, 2022

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, 2022. 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	\$ 4,572,240
Nonmajor governmental funds	3,781,999
Mass Transit Fund	2,054,417

Component Unit:

School Board	<u>17,286,294</u>
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Total federal expenditures per basic financial statements	<u>\$ 27,694,950</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 27,694,950</u></u>
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CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITORS RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster
84.425	COVID-19 Education Stabilization Fund
20.507	Federal Transit Cluster
93.600	Head Start
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$830,849
Auditee qualified as low-risk auditee?	No

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2022 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2022-001 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: The utility billing department will work with BAI and IT in regard to UT6008 and UT6009 to ensure that the processes are functioning correctly and the reconciliation process is competed monthly.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2022 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2022-002 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 Concur: The utility billing department will work with BAI to determine what caused the lack of detail to customer accounts **from** 2019. When a deposit is required, the charge it added against the customer's account and the payment is posted once received. No payments can be posted to a customer's account without a designated charge.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2022 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

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

- Criteria: Property tax delinquent lists should be reconciled to the general ledger on a monthly basis.
- Condition: During fiscal year 2022 the City was not reconciling the property tax delinquent lists to the taxes receivable accounts as reported in the general ledger on a monthly basis or at year-end.
- Cause: The Treasurer's Office was not reconciling the delinquent lists to the receivable accounts in Fund 999.
- Effect: As a result, material adjustments to the City's general ledger were necessary.

Recommendation:

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

Management Response:

We Concur: Fund 999 is the responsibility of the Treasurer, monthly reconciliations should be completed timely to clear up any outstanding reconciling items. Currently, the city has a contract to outsource cash reconciliations to assist the Treasurer with this task; however, there needs to be onsite staff that is able to complete this process.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2022 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2022-004 Material Weakness - Insufficient Accounting and Financial Reporting Throughout the Fiscal Year

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

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

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

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

Recommendation:

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

Management Response:

We Concur: 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. Reconciling items should be 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. Budget was merged with Finance in November 2021 since then budget to actual schedules have been completed quarterly.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2022 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2022-005 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:

We concur: 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. 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, 2022 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2022-006 Material Weakness - Material Reclassifications Proposed to Federal Revenues

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

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

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

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

Recommendation:

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

Management Response:

We concur.

- 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 assistance listing number for each Federal grant, the amount expended for each Federal grant, the amount received for each Federal grant, and a review process ensuring that all Federal revenues are accurately recorded in the general ledger 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.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2022 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2022-007 Material Weakness - Lack of timely bank reconciliations performed during the year

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

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

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

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

Recommendation:

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

Management Response:

We concur: Cash reconciliations are the responsibility of the Treasurer, monthly reconciliations should be completed timely to clear up any outstanding reconciling items. Currently, the city has a contract to outsource cash reconciliations to assist the Treasurer with this task; however, there needs to be onsite staff that is able to complete this process.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2022 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2022-008 Material Weakness - Lack of reconciliation of cash reported in funds to cash in Fund 999

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

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

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

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

Recommendation:

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

Management Response:

We concur: Cash reconciliations are the responsibility of the Treasurer, monthly reconciliations should be completed timely to clear up any outstanding reconciling items. Currently, the city has a contract to outsource cash reconciliations to assist the Treasurer with this task; however, there needs to be onsite staff that is able to complete this process.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2022 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2022-009 Material Weakness - Posting of Payroll Entries that do not balance within each fund

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

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

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

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

Recommendation:

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

Management Response:

We Concur: Finance will work with Human Resource (HR) and Information Technology (IT) 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. We will also work with BAI to see if a hard stop can be placed in the system to elevate this issue.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2022 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

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

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

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

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

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

Recommendation:

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

Management Response:

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.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2022 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2022-011 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 6 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:

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 8 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, 2022 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2022-012 Compliance Finding - Unclaimed Property

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

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

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

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

Recommendation:

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

Management Response:

We Concur: The Treasurer is currently working to complete the requirements for unclaimed property.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022 (Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings Year Ended June 30, 2022

FINANCIAL STATEMENT FINDINGS

2021-001 Material Weakness - Utility Billing Reconciliation

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

Recommendation:

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

Current status:

Finding was repeated in current year as finding 2022-001

2021-002 Material Weakness - Insufficient Listing for Water and Sewer Customer Deposits

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

Recommendation:

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

Current status:

Finding was repeated in current year as finding 2022-002

2021-003 Material Weakness - Reconciliation of Property Tax Delinquent Lists to General Ledger

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

Recommendation:

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

Current status:

Finding was repeated in current year as finding 2022-003

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2021-004 Material Weakness - Insufficient Accounting and Financial Reporting Throughout the Fiscal Year

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

Recommendation:

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

Current status:

Finding was repeated in current year as finding 2022-004

2021-005 Material Weakness- Material Audit Adjustments Proposed by the External Auditor

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

Recommendation:

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

Current status:

Finding was repeated in current year as finding 2022-005

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings Year Ended June 30, 2022 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2021-006 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 \$1,409,280 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:

This finding was not present in current year.

2021-007 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 2022-006

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings Year Ended June 30, 2022 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2021-008 Material Weakness - Lack of timely bank reconciliations performed during the year

Condition: During FY21 the City did not complete bank reconciliations for all bank and investment accounts in a timely manner. For example, bank reconciliations for the month of June 21 were not completed until May 2022.

Recommendation:

We recommend the City ensure that bank reconciliations are performed in a timely manner each month to ensure the accuracy and completeness of the general ledger.

Current status:

Finding was repeated in current year as finding 2022-07

2021-009 Material Weakness - Lack of reconciliation of cash reported in funds to cash in Fund 999

Condition: During FY21 the City did not reconcile the cash reported in each fund to total cash reported in Fund 999.

Recommendation:

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

Current status:

Finding was repeated in current year as finding 2022-08

2021-010 Material Weakness - Posting of Payroll Entries that do not balance within each fund

Condition: During FY21 payroll entries were made that did not balance within each fund.

Recommendation:

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

Current status:

Finding was repeated in current year as finding 2022-09

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings Year Ended June 30, 2022 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2021-011 Material Weakness - Lack of Monthly Financial Closing Procedures

Condition: During FY21 the City did not have adequate monthly financial closing procedures in place when performing the month end close. The City was closing each month in the accounting system before ensuring that all reconciliations had been performed, that all funds were in balance, and that all entries were appropriately made and included in the financial statements.

Recommendation:

We recommend the City develop a checklist of monthly procedures and reconciliations that are to be performed prior to closing each month in the accounting system. By implementing procedures in the Finance Department by qualified Finance 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:

Finding was repeated in current year as finding 2022-10

2021-012 Compliance Finding - Prompt Payment of Bills by Localities

Condition: As a result of the City's financial condition, there were many instances in which the City was not remitting payment to vendors for goods and services in a timely manner.

Recommendation:

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

Current status:

Finding was repeated in current year as finding 2022-011

2021-013 Compliance Finding - Unclaimed Property

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

Recommendation:

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

Current status:

Finding was repeated in current year as finding 2022-012

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