



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year ended June 30, 2019

City of Petersburg, Virginia
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019

Prepared By:

Department of Finance

CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Title Page	i
Table of Contents	iii-v
Directory of Principal Officials	vii
Organizational Chart	ix
Letter of Transmittal	xi-xiii
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	5-12
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	17
Exhibit 2 Statement of Activities	18-19
Fund Financial Statements:	
Exhibit 3 Balance Sheet-Governmental Funds	23
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	24
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities-Governmental Funds	25
Exhibit 6 Statement of Net Position-Proprietary Funds	26
Exhibit 7 Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds	27
Exhibit 8 Statement of Cash Flows-Proprietary Funds	28
Exhibit 9 Statement of Fiduciary Net Position-Fiduciary Funds	29
Exhibit 10 Statement of Changes in Fiduciary Net Position-Fiduciary Funds	30
Notes to Financial Statements	31-105

CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
<u>FINANCIAL SECTION: (CONTINUED)</u>	
<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Exhibit 11	Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund 108
Exhibit 12	Schedule of Changes in Net Pension Liability and Related Ratios 109
Exhibit 13	Schedule of Employer Contributions—Pension 110
Exhibit 14	Notes to Required Supplementary Information—Pension 111
Exhibit 15	Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios 112
Exhibit 16	Notes to Required Supplementary Information—City OPEB 113
Exhibit 17	Schedule of City’s Share of Net OPEB Liability 114
Exhibit 18	Schedule of Employer Contributions—Group Life Insurance Program 115
Exhibit 19	Notes to Required Supplementary Information—Group Life Insurance Program 116-117
Exhibit 20	Schedule of Employer’s Share of Net LODA OPEB Liability—LODA 118
Exhibit 21	Schedule of Employer Contributions—LODA 119
Exhibit 22	Notes to Required Supplementary Information—LODA 120
<u>OTHER SUPPLEMENTARY INFORMATION:</u>	
Combining and Individual Fund Financial Statements and Schedules	
Exhibit 23	Combining Balance Sheet—Nonmajor Governmental Funds 124
Exhibit 24	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds 125
Exhibit 25	Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual— Nonmajor Governmental Funds— Special Revenue Funds 126-127
Exhibit 26	Combining Statement of Fiduciary Net Position—Agency Funds 128
Exhibit 27	Combining Statement of Changes in Assets and Liabilities—Agency Funds 129
Supporting Schedules:	
Schedule 1	Governmental Funds Schedule of Revenues-Budget and Actual 133-137
Schedule 2	Governmental Funds Schedule of Expenditures-Budget and Actual 138-142

CITY OF PETERSBURG, VIRGINIA

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
<u>STATISTICAL INFORMATION:</u>	
<u>Financial Trends</u>	
Table 1	Net Position by Component - Last Ten Fiscal Years 144-145
Table 2	Changes in Net Position - Last Ten Fiscal Years 146-147
Table 3	Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years 148
Table 4	Fund Balances of Governmental Funds - Last Ten Fiscal Years 150-151
Table 5	Changes in Fund Balance of Governmental Funds - Last Ten Fiscal Years 152-153
Table 6	Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years 155
<u>Revenue Capacity</u>	
Table 7	Assessed and Estimated Valuation of All Taxable Property - Last Ten Fiscal Years 156
Table 8	Property Tax Rates - Last Ten Fiscal Years 157
Table 9	Principal Business Taxpayers - Current Year and Nine Years Ago 158-159
Table 10	Property Tax Levies and Collections - Last Ten Fiscal Years 161
<u>Debt Capacity</u>	
Table 11	Ratios of Outstanding Obligations by Type - Last Ten Fiscal Years 162-163
Table 12	Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Obligation Bonded Debt Per Capita - Last Ten Fiscal Years 164
Table 13	Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin 165
Table 14	Revenue Coverage - Last Ten Fiscal Years 166
<u>Demographic and Economic Information</u>	
Table 15	Demographic, Economic and Census Statistics - Last Ten Fiscal Years & Last Six Censuses 167
<u>Operating Information</u>	
Table 16	Major Private Employers - Current Year and Nine Years Ago 168
Table 17	Full-time Equivalent Government Employees by Function - Last Ten Fiscal Years 169
Table 18	Operating Indicators by Function - Last Ten Fiscal Years 170-171
Table 19	Capital Asset Statistics by Function - Last Ten Fiscal Years 172
<u>COMPLIANCE SECTION:</u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	173-174
Independent Auditors' Report on Compliance on Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	175-177
Schedule of Expenditures of Federal Awards	179-181
Notes to Schedule of Expenditures of Federal Awards	182
Schedule of Findings and Questioned Costs	183-200
Summary Schedule of Prior Audit Findings	201-211

**CITY OF PETERSBURG, VIRGINIA
CITY COUNCIL AND EXECUTIVE OFFICERS
JUNE 30, 2019**

CITY COUNCIL

Samuel ParhamMayor
John A. Hart, Sr. Vice-Mayor
Annette Smith-Lee..... Councilwoman
Charles Cuthbert.....Councilman
Treska Wilson-Smith..... Councilwoman
W. Howard MyersCouncilman
Darrin HillCouncilman

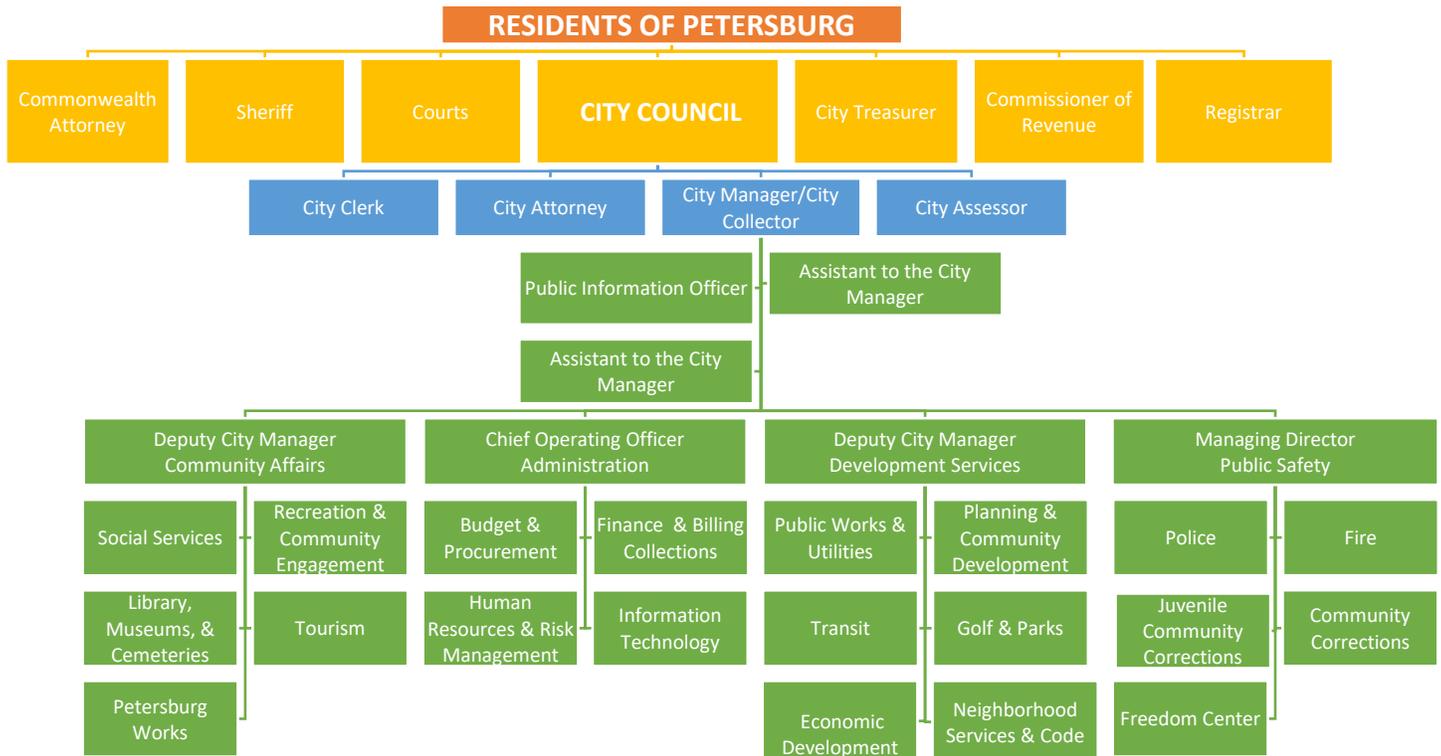
CONSTITUTIONAL OFFICERS

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

CITY ADMINISTRATION

Aretha R. Ferrell- Benavides City Manager
Darnetta K. Tyus..... Deputy City Manager
Lionel D. Lyons Deputy City Manager
Michael Rogers Chief Operating Officer
Nykesha D. Jackson..... Council Clerk
Anthony WilliamsCity Attorney
Brian Gordineer City Assessor
Tami Yerby..... Director of Recreation & Community
Michelle Peter..... Director of Planning & Development Services
Wayne Crocker Director of Library Services
Reggie Tabor Manager of Economic Development
Norris Stevenson..... Director of Social Services
Maisha Beasley Interim Director of Finance
Robert A. Floyd Director of Budget & Procurement
Tangela Innis Director of Public Works & Utilities
Dennis Rubin..... Interim Fire Chief
Kim Robinson..... Director of Human Resources
Gerrit VanVoorhees..... Director of Information Technology
Kenneth Miller..... Chief of Police
Nicole Loving Director of Community Corrections
Tara Anderson..... Executive Director of Freedom Support Center
Margo Hardy Program Manager, PJCCP
Jay Baxter..... Interim Billing & Collections Manager
Charles Koonce Mass Transit Director
Jamie Fagan General Manager/PGA Golf Pro
Folakemi Osoba Public Affairs Coordinator

CITY OF PETERSBURG, VIRGINIA FUNCTIONAL ORGANIZATIONAL CHART





**I AM
PETERSBURG
VIRGINIA**

CITY OF PETERSBURG

FINANCE DEPARTMENT

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

July 21, 2020

The Honorable Members of City
Council City of Petersburg, Virginia

To the Honorable Members of City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of Petersburg, Virginia (the City) for the year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

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

The financial reporting entity includes all funds of the Primary Government (i.e., the City), as well as the component units for which the City is financially accountable. GAAP has established standards for defining and reporting on the financial reporting entity. Specifically, under GAAP the School Board of the City of Petersburg, Virginia (the School Board) is reported as a separate component unit in the City's reporting entity. This presentation is designed to emphasize that the School Board is legally separate from the City and to differentiate its financial position and results of operations from that of the City. This component unit is administered by a separate board, which is elected. The City provides a full range of services including police and fire protection; sanitation services; health and social services; the construction and maintenance of roads, streets and infrastructure; recreation activities; and cultural events. In addition to general government activities, the operations of Petersburg's public utilities and the City's transit system are also part of the primary government and included in the reporting entity.

ECONOMIC CONDITION AND OUTLOOK AND FUTURE PROSPECTS

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

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

OTHER INFORMATION

Relevant Financial Policies:

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

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

OTHER INFORMATION: (CONTINUED)

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

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

Respectfully Submitted,



Aretha Ferrell-Benavides, City Manager



Patrice S. Elliott, Finance Director

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-12, 108, and 109-120 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2020, on our consideration of the City of Petersburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Petersburg, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Petersburg, Virginia's internal control over financial reporting and compliance.

Robinson, Farned, Cox Associates

Charlottesville, Virginia

July 17, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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, 2019. 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 \$62,657,683(net position).
- The City's net position increased in governmental funds and business-type activities. Governmental funds net position increased \$11,995,301 and business-type activities increased \$1,015,732.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$30,536,031, an increase of \$2,136,344 in comparison with the prior year. Unassigned fund balance for the General Fund increased from \$2,803,522 to \$8,060,337.

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 \$62,657,683 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, 2019 and 2018**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 51,850,513	\$ 51,230,705	\$ 12,565,123	\$ 11,227,913	\$ 64,415,636	\$ 62,458,618
Capital assets	55,705,056	57,158,196	47,476,234	48,049,397	103,181,290	105,207,593
Total assets	\$ 107,555,569	\$ 108,388,901	\$ 60,041,357	\$ 59,277,310	\$ 167,596,926	\$ 167,666,211
Deferred outflows of resources	\$ 4,652,619	\$ 4,127,718	\$ 535,568	\$ 804,611	\$ 5,188,187	\$ 4,932,329
Total assets and deferred outflows of resources	\$ 112,208,188	\$ 112,516,619	\$ 60,576,925	\$ 60,081,921	\$ 172,785,113	\$ 172,598,540
Long-term liabilities outstanding	\$ 62,314,456	\$ 69,625,625	\$ 17,397,363	\$ 18,598,491	\$ 79,711,819	\$ 88,224,116
Current liabilities	14,706,419	18,290,295	9,745,266	8,943,390	24,451,685	27,233,685
Total liabilities	\$ 77,020,875	\$ 87,915,920	\$ 27,142,629	\$ 27,541,881	\$ 104,163,504	\$ 115,457,801
Deferred inflows of resources	\$ 5,386,618	\$ 6,604,516	\$ 577,308	\$ 698,784	\$ 5,963,926	\$ 7,303,300
Net position:						
Net investment in capital assets	\$ 13,583,894	\$ 12,518,336	\$ 36,135,036	\$ 36,152,082	\$ 49,718,930	\$ 48,670,418
Restricted	2,811,860	4,590,712	492,559	496,007	3,304,419	5,086,719
Unrestricted (deficit)	13,404,941	887,135	(3,770,607)	(4,806,833)	9,634,334	(3,919,698)
Total net position	\$ 29,800,695	\$ 17,996,183	\$ 32,856,988	\$ 31,841,256	\$ 62,657,683	\$ 49,837,439
Total liabilities, deferred inflows and net position	\$ 112,208,188	\$ 112,516,619	\$ 60,576,925	\$ 60,081,921	\$ 172,785,113	\$ 172,598,540

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 \$13,404,941 in the Governmental-activity category of net position. The Business-type activities reported negative unrestricted position of (\$3,770,607) 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 \$11,995,301, and business-type activities increased net position by \$1,015,732. 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, 2019 and 2018**

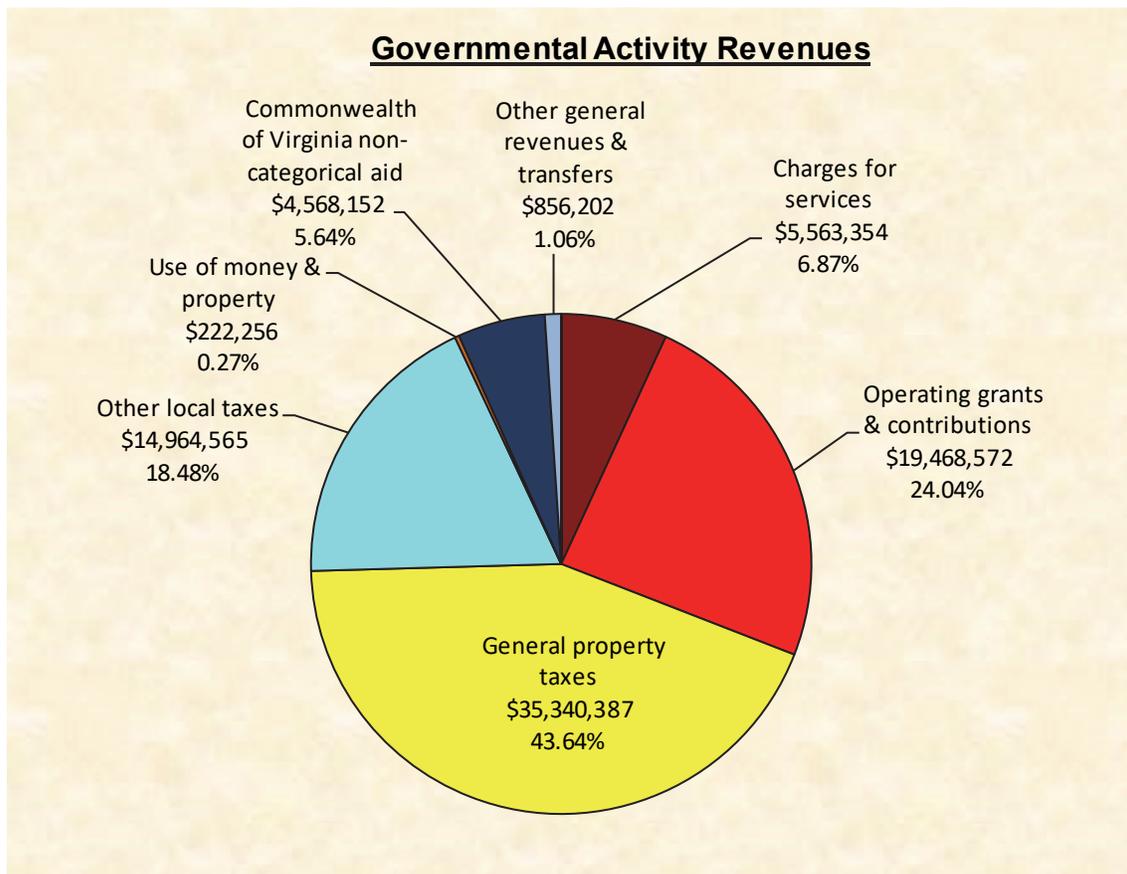
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 5,563,354	5,992,656	15,951,702	14,465,418	\$ 21,515,056	\$ 20,458,074
Operating grants and contributions	19,468,572	19,091,836	1,561,230	1,486,068	21,029,802	20,577,904
General revenues:						
General property taxes	35,340,387	36,240,761	-	-	35,340,387	36,240,761
Other local taxes	14,964,565	14,573,067	-	-	14,964,565	14,573,067
Use of money and property	222,256	1,172,336	12,083	7,596	234,339	1,179,932
Commonwealth of Virginia non-categorical aid	4,568,152	4,579,424	-	-	4,568,152	4,579,424
Other general revenues	856,202	1,703,883	-	-	856,202	1,703,883
Total revenues	\$ 80,983,488	\$ 83,353,963	\$ 17,525,015	\$ 15,959,082	\$ 98,508,503	\$ 99,313,045
Expenses:						
General government						
administration	\$ 6,885,622	\$ 7,927,159	-	-	\$ 6,885,622	\$ 7,927,159
Judicial administration	3,782,333	3,856,067	-	-	3,782,333	3,856,067
Public safety	20,266,142	22,841,419	-	-	20,266,142	22,841,419
Public works	8,127,569	8,384,942	-	-	8,127,569	8,384,942
Health and welfare	14,495,922	14,560,418	-	-	14,495,922	14,560,418
Education	9,503,706	9,624,056	-	-	9,503,706	9,624,056
Parks, recreation, and cultural	2,001,456	2,160,173	-	-	2,001,456	2,160,173
Community development	522,584	3,806,619	-	-	522,584	3,806,619
Interest	2,129,755	2,217,670	-	-	2,129,755	2,217,670
Public Utility	-	-	12,141,089	12,441,601	12,141,089	12,441,601
Mass Transit	-	-	4,561,067	4,606,470	4,561,067	4,606,470
Golf Course	-	-	1,080,225	1,036,387	1,080,225	1,036,387
Total expenses	\$ 67,715,089	\$ 75,378,523	\$ 17,782,381	\$ 18,084,458	\$ 85,497,470	\$ 93,462,981
Increase (decrease) in net position before transfers	\$ 13,268,399	7,975,440	(257,366)	(2,125,376)	\$ 13,011,033	\$ 5,850,064
Transfers	(1,273,098)	(1,408,020)	1,273,098	1,408,020	-	-
Increase (decrease) in net position	\$ 11,995,301	\$ 6,567,420	\$ 1,015,732	\$ (717,356)	\$ 13,011,033	\$ 5,850,064
Net position, beginning of year, as restated	17,805,394	11,428,763	31,841,256	32,558,612	49,646,650	43,987,375
Net position, end of year	\$ 29,800,695	\$ 17,996,183	\$ 32,856,988	\$ 31,841,256	\$ 62,657,683	\$ 49,837,439

Government-wide Financial Analysis: (Continued)

The City’s net position increased \$13,011,033 during the current fiscal year. This increase was reflective of an increase in net position of governmental activities of \$11,995,301 and an increase of \$1,015,732 in business-type activities. Governmental activity revenues decreased from \$83,353,963 to \$80,983,488 a decrease of \$2,370,475 or -2.84%. There were three major factors which contributed to the decrease in revenue to include a decrease in program revenues from charges for services of \$544,135, a net decrease in general revenues from general property taxes, other local taxes, use of property and money, and other general revenues of \$2,317,909 offset by an increase in operating grants and contributions of \$376,736. Governmental expenses decreased from \$75,378,523 in FY 18 to \$67,715,089 in FY 19 or \$7,663,434. There were several factors impacting the decrease including a decrease of \$7,543,084 in general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, and interest expense. These decreases include a decrease in education expenses. Education expenses totaled \$9,503,706 in FY 19 compared to \$9,624,056 in FY 18; a decrease of \$120,350.

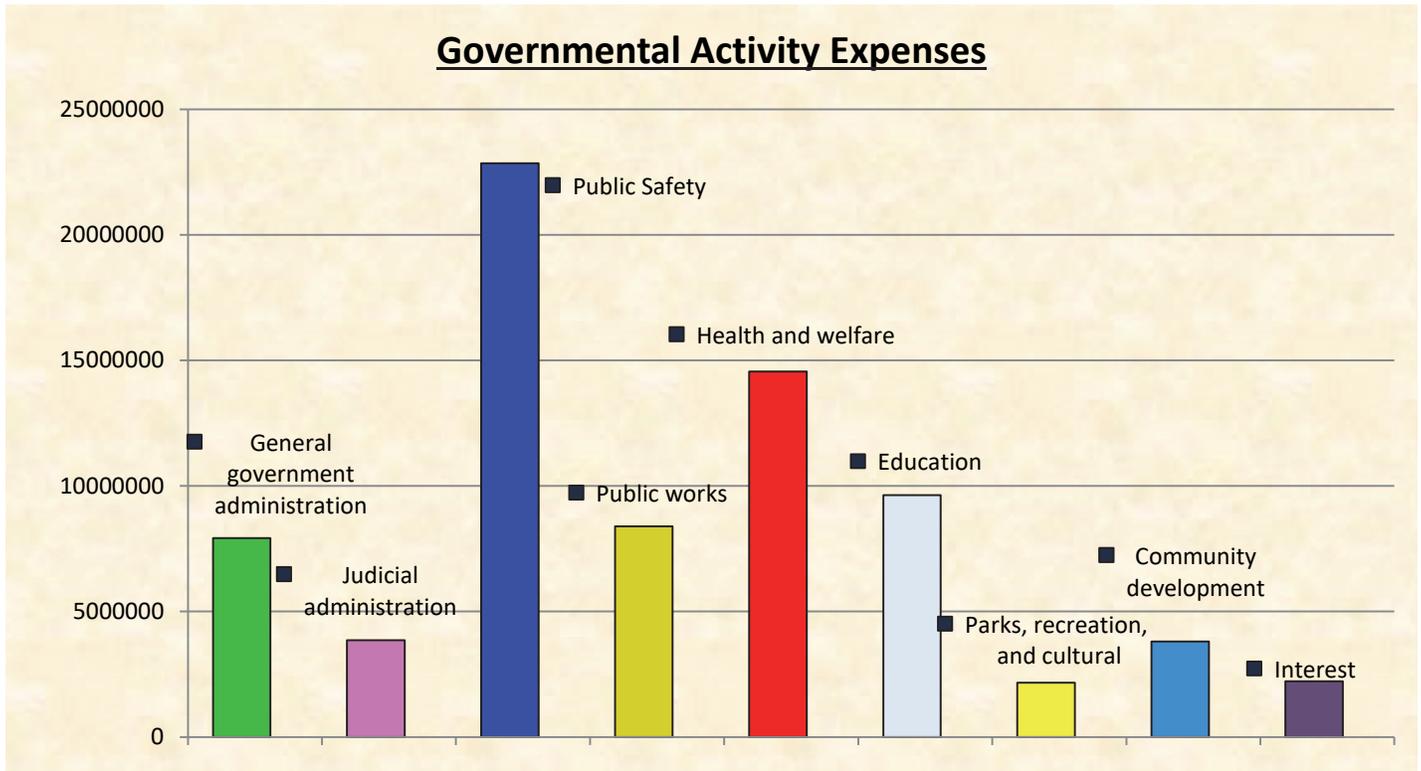
Net position increased in the business-type activities by \$1,015,732. The Public Utility Fund’s net position increased by \$2,491,543, the Mass Transit Fund’s net position decreased by \$1,345,530 and the Golf Course Fund decreased by \$130,281. Overall business-type activity revenues increased from \$15,959,082 to \$17,525,015 or \$1,565,933. The most significant increase was noted in Public Utility operating revenue which increased from \$13,055,145 in FY 18 to \$14,620,549 in FY 19 or \$1,565,404. Mass Transit operating revenue decreased by \$75,716 and expenses decreased from \$4,606,470 in FY 18 to \$4,561,067 in FY 19 or \$45,403.

The chart below provides an overview of FY 18-19 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 \$30,536,031 an increase of \$2,136,344 in comparison with the prior year. The City has non-spendable balances comprised of inventory and land held for resale in the amount of \$5,535,298. The City's General Fund has restricted fund balance for debt service in the amount of \$5,454,572. The fund balance of the City's General Fund increased \$3,802,783 during the current fiscal year. Key factors in the increase are as follows:

- The City's general property taxes increased from \$33,025,417 in FY 18 to \$35,568,665 in FY 19 or \$2,543,248; other local taxes revenue increased from \$14,573,067 to \$14,964,565 or \$391,498.
- Public Safety expenditures increased from \$22,681,267 in FY 18 to \$22,724,474 in FY 19 or \$43,207.
- Education expenditures increased from \$8,656,447 in FY 18 to \$9,190,686 in FY 19 or \$534,23.
- In FY 19 the General Fund revenues totaled \$76,063,721, while expenditures totaled \$70,847,583, resulting in an excess of \$5,216,138, reference Exhibit 11.

The City's other governmental funds reflected an overall decrease in fund balances of \$1,666,439. The Capital Projects fund balance decreased \$751,908 and the other non-major funds decreased \$914,531.

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

The Federal and State Projects Fund had revenues and other financing sources of \$3,287,223 and expenditures of \$5,260,553. The Federal and States Projects Fund have a decrease in fund balance of \$1,973,330 in FY 19. 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 \$5,165,015, (\$6,072,651), and (\$2,862,971), respectively. Net position increased for the Public Utility Fund by \$2,491,543. While the Golf Course Fund had a decrease in net position of \$1,345,530, and the Mass Transit Fund had a decrease in net position of \$130,281. Information for these funds was discussed previously in this letter. The Multi-modal Transportation Facility was fully operational for the first year in FY 11 and state and federal funding sources in addition to charges for services were insufficient to cover operating expenses thus contributing to the decline in net position.

General Fund Budgetary Highlights

The differences between the General Fund original budget and final amended budget were caused by a significant decrease in appropriations. These increases and decreases caused the expenditure budget to increase from \$71,958,384 to \$72,116,976 as disclosed on Exhibit 11. Some of the major differences can be summarized as follows:

- An increase of \$17,386 in general government administration expenditures.
- An increase of \$44,806 in judicial expenditures.
- An increase of \$33,000 in public works expenditures.
- An increase of \$127,000 in non-departmental expenditures.
- A decrease of \$49,000 in public safety expenditures.

The total General Fund revenue budget increased from \$73,440,122 to \$73,632,714 or \$192,592. 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, 2019 totaled \$103,181,290 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, water capacity rights intangibles, vehicles, and machinery and equipment. Current year depreciation on the assets amounted to \$3,524,168 in the governmental activities and \$2,468,272 in the business-type activities. The City's governmental capital assets, net of accumulated depreciation, decreased by \$1,453,140. The City's business-type capital assets, net of accumulated depreciation, decreased \$573,163. 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 \$64,555,846 and the business-type activities had \$18,009,749. Of these amounts \$54,845,381 comprises debt backed by the full faith and credit of the City as general obligation and Qualified Zone Academy bonds. The City issued \$6,500,000 of tax revenue anticipation notes during the year. As noted earlier the City recorded net pension and net other postemployment benefits in accordance with GASB 68 and GASB 75 respectively and the liabilities total \$18,665,998 at June 30, 2019. 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 2019, the local unemployment rate is at 5.8%, and the state unemployment rate is 2.9%.

This factor was considered in preparing the City's budget for the 2020 fiscal year. The General Fund adopted budget for FY 20 totals \$76,120,754 which is \$2,488,040 or 3.37% more than the fiscal 2019 amended budget of \$73,632,714. 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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 14,555,450	\$ 3,021,492	\$ 17,576,942	\$ 3,371,205
Restricted cash	9,920,338	5,692,168	15,612,506	-
Receivables (net of allowance for uncollectibles):				
Property taxes	11,748,646	-	11,748,646	-
Accounts receivable	3,559,136	5,278,277	8,837,413	74,745
Prepaid items	569,521	8,567	578,088	116,406
Inventory	4,718,160	512,575	5,230,735	81,375
Due from Primary Government	-	-	-	2,421,948
Internal balances	1,965,156	(1,965,156)	-	-
Due from other governmental units	4,814,106	17,200	4,831,306	2,301,889
Total Current Assets	\$ 51,850,513	\$ 12,565,123	\$ 64,415,636	\$ 8,367,568
Net pension asset:	\$ -	\$ -	\$ -	\$ 119,618
Capital Assets (net of depreciation):				
Land	\$ 6,046,998	\$ 5,123,939	\$ 11,170,937	\$ 5,000
Historical buildings and improvements	1,767,995	-	1,767,995	-
Construction in progress	865,662	361,226	1,226,888	-
Land improvements	30,927	287,172	318,099	68,160
Utility plant in service	-	17,731,125	17,731,125	-
Water capacity rights	-	1,878,500	1,878,500	-
Buildings and improvements	29,494,977	18,760,723	48,255,700	5,420,927
Vehicles	3,044,566	2,026,615	5,071,181	1,074,274
Equipment and machinery	2,069,508	1,306,934	3,376,442	513,465
Infrastructure	12,384,423	-	12,384,423	-
Total Capital Assets	\$ 55,705,056	\$ 47,476,234	\$ 103,181,290	\$ 7,081,826
Total Assets	\$ 107,555,569	\$ 60,041,357	\$ 167,596,926	\$ 15,569,012
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	\$ 2,750,841	\$ 503,576	\$ 3,254,417	\$ 4,629,929
OPEB deferrals	971,377	31,992	1,003,369	523,273
Deferred amount on refunding	930,401	-	930,401	-
Total Deferred Outflows of Resources	\$ 4,652,619	\$ 535,568	\$ 5,188,187	\$ 5,153,202
Total Assets and Deferred Outflows of Resources	\$ 112,208,188	\$ 60,576,925	\$ 172,785,113	\$ 20,722,214
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 3,157,344	\$ 684,445	\$ 3,841,789	\$ 4,693,660
Reconciled overdraft	-	7,637,070	7,637,070	-
Accrued interest payable	327,995	96,377	424,372	-
Unearned revenue	-	1,476	1,476	499,092
Customer deposits	57,742	713,512	771,254	-
Due to Component Unit School Board	2,421,948	-	2,421,948	-
Short-term revenue anticipation note	6,500,000	-	6,500,000	-
Current portion of litigation payable	-	-	-	-
Current portion of long-term obligations	2,241,390	612,386	2,853,776	67,704
Total Current Liabilities	\$ 14,706,419	\$ 9,745,266	\$ 24,451,685	\$ 5,260,456
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	\$ 62,314,456	\$ 17,397,363	\$ 79,711,819	\$ 40,594,335
Total Noncurrent Liabilities	\$ 62,314,456	\$ 17,397,363	\$ 79,711,819	\$ 40,594,335
Total Liabilities	\$ 77,020,875	\$ 27,142,629	\$ 104,163,504	\$ 45,854,791
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 21,482	\$ -	\$ 21,482	\$ -
OPEB deferrals	1,362,691	60,309	1,423,000	552,000
Pension deferrals	4,002,445	516,999	4,519,444	6,824,976
Total Deferred Inflows of Resources	\$ 5,386,618	\$ 577,308	\$ 5,963,926	\$ 7,376,976
NET POSITION				
Net investment in capital assets	\$ 13,583,894	\$ 36,135,036	\$ 49,718,930	\$ 7,201,444
Restricted for grants	839,568	-	839,568	-
Restricted for debt service	-	492,559	492,559	-
Restricted for McKenney scholarships	8,543	-	8,543	-
Restricted for perpetual care and library	1,963,749	-	1,963,749	-
Unrestricted (deficit)	13,404,941	(3,770,607)	9,634,334	(39,710,997)
Total Net Position	\$ 29,800,695	\$ 32,856,988	\$ 62,657,683	\$ (32,509,553)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 112,208,188	\$ 60,576,925	\$ 172,785,113	\$ 20,722,214

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

CITY OF PETERSBURG, VIRGINIA

Statement of Activities
 Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 6,885,622	\$ 147,510	\$ 290,210	\$ -
Judicial administration	3,782,333	1,098,413	1,180,738	-
Public safety	20,266,142	612,964	4,673,680	-
Public works	8,127,569	3,637,859	1,484,487	-
Health and welfare	14,495,922	-	11,075,090	-
Education	9,503,706	-	-	-
Parks, recreation, and cultural	2,001,456	66,522	149,229	-
Community development	522,584	86	615,138	-
Interest and bond issuance costs	2,129,755	-	-	-
Total governmental activities	\$ 67,715,089	\$ 5,563,354	\$ 19,468,572	\$ -
Business-type activities:				
Public utility	\$ 12,141,089	\$ 14,620,549	\$ -	\$ -
Mass transit	4,561,067	674,059	1,561,230	-
Golf course	1,080,225	657,094	-	-
Total business-type activities	\$ 17,782,381	\$ 15,951,702	\$ 1,561,230	\$ -
Total primary government	\$ 85,497,470	\$ 21,515,056	\$ 21,029,802	\$ -
COMPONENT UNIT:				
School Board	\$ 49,996,491	\$ 243,499	\$ 26,177,495	\$ -

General revenues:
 General property taxes
 Local sales and use taxes
 Consumer utility taxes
 Business license taxes
 Motor vehicle license taxes
 Lodging taxes
 Meals taxes
 Other local taxes
 Unrestricted revenues from use of money and property
 Miscellaneous
 Grants and contributions not restricted to specific programs
 City contribution to the school board
 Transfers
 Total general revenues and transfers
 Change in net position
 Net position - beginning, as restated
 Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (6,447,902)	\$ -	\$ (6,447,902)	\$ -
(1,503,182)	-	(1,503,182)	-
(14,979,498)	-	(14,979,498)	-
(3,005,223)	-	(3,005,223)	-
(3,420,832)	-	(3,420,832)	-
(9,503,706)	-	(9,503,706)	-
(1,785,705)	-	(1,785,705)	-
92,640	-	92,640	-
<u>(2,129,755)</u>	<u>-</u>	<u>(2,129,755)</u>	<u>-</u>
<u>\$ (42,683,163)</u>	<u>\$ -</u>	<u>\$ (42,683,163)</u>	<u>\$ -</u>
\$ -	\$ 2,479,460	\$ 2,479,460	\$ -
-	(2,325,778)	(2,325,778)	-
-	(423,131)	(423,131)	-
<u>\$ -</u>	<u>\$ (269,449)</u>	<u>\$ (269,449)</u>	<u>\$ -</u>
<u>\$ (42,683,163)</u>	<u>\$ (269,449)</u>	<u>\$ (42,952,612)</u>	<u>\$ -</u>
			<u>\$ (23,575,497)</u>
\$ 35,340,387	\$ -	\$ 35,340,387	\$ -
4,068,868	-	4,068,868	-
2,013,020	-	2,013,020	-
2,917,586	-	2,917,586	-
330,908	-	330,908	-
578,420	-	578,420	-
3,494,500	-	3,494,500	-
1,561,263	-	1,561,263	-
222,256	12,083	234,339	43,367
856,202	-	856,202	416,118
4,568,152	-	4,568,152	17,511,742
-	-	-	9,185,386
<u>(1,273,098)</u>	<u>1,273,098</u>	<u>-</u>	<u>-</u>
<u>\$ 54,678,464</u>	<u>\$ 1,285,181</u>	<u>\$ 55,963,645</u>	<u>\$ 27,156,613</u>
\$ 11,995,301	\$ 1,015,732	\$ 13,011,033	\$ 3,581,116
<u>17,805,394</u>	<u>31,841,256</u>	<u>49,646,650</u>	<u>(36,090,669)</u>
<u>\$ 29,800,695</u>	<u>\$ 32,856,988</u>	<u>\$ 62,657,683</u>	<u>\$ (32,509,553)</u>

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2019

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Non Major Funds	
ASSETS				
Cash and cash equivalents	\$ 8,779,141	\$ 2,355,195	\$ 3,421,114	\$ 14,555,450
Restricted cash	5,454,572	2,493,474	1,972,292	9,920,338
Receivables (Net of allowances for uncollectibles):				
Taxes	11,748,646	-	-	11,748,646
Accounts	3,049,046	-	510,090	3,559,136
Prepaid items	567,067	-	2,454	569,521
Inventory and land held for resale	4,718,160	-	-	4,718,160
Due from other funds	250,071	4,499,198	11,588	4,760,857
Due from Component Unit School Board	648,538	-	-	648,538
Due from other governmental units	4,737,603	-	76,503	4,814,106
Total assets	<u>\$ 39,952,844</u>	<u>\$ 9,347,867</u>	<u>\$ 5,994,041</u>	<u>\$ 55,294,752</u>
LIABILITIES				
Accounts payable	\$ 1,864,987	\$ 235,553	\$ 191,307	\$ 2,291,847
Accrued salaries payable	804,878	-	60,619	865,497
Deposits held	57,742	-	-	57,742
Short-term revenue anticipation note	6,500,000	-	-	6,500,000
Due to other funds	2,497,582	-	298,119	2,795,701
Due to Component Unit School Board	-	3,070,486	-	3,070,486
Total liabilities	<u>\$ 11,725,189</u>	<u>\$ 3,306,039</u>	<u>\$ 550,045</u>	<u>\$ 15,581,273</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 9,177,448</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,177,448</u>
FUND BALANCE				
Nonspendable:				
Inventory and land held for resale	\$ 4,718,160	\$ -	\$ -	\$ 4,718,160
Cemetery Perpetual care and library	-	-	1,963,749	1,963,749
McKenney scholarships	-	-	8,543	8,543
Interfund loans	250,071	4,499,198	-	4,749,269
Prepaid items	567,067	-	2,454	569,521
Restricted:				
Grants	-	-	839,568	839,568
Debt service	5,454,572	-	-	5,454,572
Capital projects	-	1,542,630	-	1,542,630
Committed:				
Stormwater	-	-	2,629,682	2,629,682
Unassigned (deficit)	8,060,337	-	-	8,060,337
Total fund balances	<u>\$ 19,050,207</u>	<u>\$ 6,041,828</u>	<u>\$ 5,443,996</u>	<u>\$ 30,536,031</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 39,952,844</u>	<u>\$ 9,347,867</u>	<u>\$ 5,994,041</u>	<u>\$ 55,294,752</u>
Fund balances above				\$ 30,536,031
Detailed explanation of adjustments from fund statements to government-wide statement of net position:				
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the locality as a whole.				55,705,056
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.				(327,995)
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				(4,002,445)
Deferred inflows related to measurement of net OPEB liability				(1,362,691)
Deferred outflows - OPEB deferrals				971,377
Deferred outflows - pension deferrals				2,750,841
Some of the City's property taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore are reported as unavailable in the funds.				9,155,966
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.				(63,625,445)
Net position of General Government Activities				<u>\$ 29,800,695</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, 2019

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Non- Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes	\$ 35,568,665	\$ -	\$ -	\$ 35,568,665
Other local taxes	14,964,565	-	-	14,964,565
Permits, privilege fees and regulatory licenses	364,217	-	-	364,217
Fines and forfeitures	826,862	-	-	826,862
Revenue from use of money and property	45,720	160,180	16,356	222,256
Charges for services	2,952,197	-	1,420,078	4,372,275
Miscellaneous	652,768	25,170	178,264	856,202
Recovered costs	303,854	-	23,572	327,426
Intergovernmental:				
Commonwealth	15,184,123	-	1,529,299	16,713,422
Federal	5,200,750	-	2,122,552	7,323,302
Total revenues	<u>\$ 76,063,721</u>	<u>\$ 185,350</u>	<u>\$ 5,290,121</u>	<u>\$ 81,539,192</u>
Expenditures:				
Current:				
General government administration	\$ 7,598,433	\$ 170	\$ -	\$ 7,598,603
Judicial administration	3,793,717	-	297,323	4,091,040
Public safety	22,724,474	-	665,774	23,390,248
Public works	4,718,981	267,088	3,359,389	8,345,458
Health and welfare	14,068,704	-	1,251,086	15,319,790
Education	9,190,686	-	-	9,190,686
Parks, recreation, and cultural	1,916,025	-	90,791	2,006,816
Community development	538,714	-	533,929	1,072,643
Nondepartmental	845,624	-	-	845,624
Debt service:				
Principal retirement	3,431,967	670,000	55,000	4,156,967
Interest and other fiscal charges	1,758,355	-	91,617	1,849,972
Bond issuance costs	261,903	-	-	261,903
Total expenditures	<u>\$ 70,847,583</u>	<u>\$ 937,258</u>	<u>\$ 6,344,909</u>	<u>\$ 78,129,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,216,138</u>	<u>\$ (751,908)</u>	<u>\$ (1,054,788)</u>	<u>\$ 3,409,442</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 140,257	\$ 140,257
Transfers (out)	(1,413,355)	-	-	(1,413,355)
Total other financing sources (uses)	<u>\$ (1,413,355)</u>	<u>\$ -</u>	<u>\$ 140,257</u>	<u>\$ (1,273,098)</u>
Changes in fund balance	\$ 3,802,783	\$ (751,908)	\$ (914,531)	\$ 2,136,344
Fund balances at beginning of year, as restated	15,247,424	6,793,736	6,358,527	28,399,687
Fund balances at end of year	<u>\$ 19,050,207</u>	<u>\$ 6,041,828</u>	<u>\$ 5,443,996</u>	<u>\$ 30,536,031</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, 2019

		<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	\$	2,136,344
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	\$ 2,071,028	
Depreciation expense	<u>(3,524,168)</u>	(1,453,140)
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	\$ (228,278)	
Change in deferred inflows related to the measurement of net pension liability	1,713,262	
Change in deferred inflows related to the measurement of net OPEB liability	<u>(487,934)</u>	997,050
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:		
Principal retired on debt	\$ 4,321,154	
Discount on debt and capital leases	<u>(10,383)</u>	4,310,771
Change in deferred outflows related to pensions		(178,979)
Change in deferred outflows related to OPEB		742,647
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	\$ 30,586	
Change in net pension liability	5,404,413	
Change in litigation payable	200,000	
Change in net OPEB liability	(186,894)	
Change in deferred amount on refunding	(38,767)	
Change in accrued interest payable	<u>31,270</u>	5,440,608
Change in net position of governmental activities	\$	<u>11,995,301</u>

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

Statement of Net Position
Proprietary Funds
June 30, 2019

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 3,021,492	\$ -	\$ -	\$ 3,021,492
Restricted cash	5,692,168	-	-	5,692,168
Receivables (net of allowance for uncollectibles):				
Accounts receivable	5,278,277	-	-	5,278,277
Due from other governmental units	-	17,200	-	17,200
Due from other funds	13,220	431	-	13,651
Prepaid items	8,567	-	-	8,567
Inventory	280,221	216,850	15,504	512,575
Total Current Assets	\$ 14,293,945	\$ 234,481	\$ 15,504	\$ 14,543,930
Capital assets (net of depreciation):				
Land	\$ 173,898	\$ 1,566,994	\$ 3,383,047	\$ 5,123,939
Construction in progress	361,226	-	-	361,226
Land improvements	-	-	287,172	287,172
Utility plant in service	17,731,125	-	-	17,731,125
Buildings and improvements	-	17,896,204	864,519	18,760,723
Water capacity rights	1,878,500	-	-	1,878,500
Vehicles	189,761	1,836,854	-	2,026,615
Equipment and machinery	778,714	211,610	316,610	1,306,934
Total capital assets (net of accumulated depreciation)	\$ 21,113,224	\$ 21,511,662	\$ 4,851,348	\$ 47,476,234
Total Assets	\$ 35,407,169	\$ 21,746,143	\$ 4,866,852	\$ 62,020,164
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	\$ 120,774	\$ 268,602	\$ 114,200	\$ 503,576
OPEB deferrals	11,871	16,834	3,287	31,992
Total Deferred Outflows or Resources	\$ 132,645	\$ 285,436	\$ 117,487	\$ 535,568
Total Assets and Deferred Outflows of Resources	\$ 35,539,814	\$ 22,031,579	\$ 4,984,339	\$ 62,555,732
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 502,635	\$ 51,829	\$ 29,277	\$ 583,741
Reconciled overdraft	-	5,281,209	2,355,861	7,637,070
Accrued salaries payable	36,780	52,559	11,365	100,704
Accrued interest payable	43,778	-	52,599	96,377
Deferred revenue	-	-	1,476	1,476
Due to other funds	1,699,027	-	279,780	1,978,807
Customers' deposits payable	713,512	-	-	713,512
Current portion of compensated absences	5,929	8,053	2,775	16,757
Current portion of capital leases	253,594	-	-	253,594
Current portion of premium on bonds issued	24,612	-	-	24,612
Current portion of general obligation bonds	205,000	-	112,423	317,423
Total Current Liabilities	\$ 3,484,867	\$ 5,393,650	\$ 2,845,556	\$ 11,724,073
Noncurrent Liabilities:				
Noncurrent portion of compensated absences	\$ 53,362	\$ 72,473	\$ 24,978	\$ 150,813
Noncurrent portion of capital leases	3,993,107	-	-	3,993,107
Noncurrent portion of premium on bonds issued	539,401	-	-	539,401
Noncurrent portion of net pension liability	443,352	628,783	122,744	1,194,879
Noncurrent portion of net OPEB liability	145,534	206,401	40,292	392,227
Noncurrent portion of general obligation bonds	7,490,000	-	3,636,936	11,126,936
Total Noncurrent Liabilities	\$ 12,664,756	\$ 907,657	\$ 3,824,950	\$ 17,397,363
Total Liabilities	\$ 16,149,623	\$ 6,301,307	\$ 6,670,506	\$ 29,121,436
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	\$ 188,855	\$ 259,524	\$ 68,620	\$ 516,999
OPEB deferrals	22,377	31,737	6,195	60,309
Total Deferred Inflows or Resources	\$ 211,232	\$ 291,261	\$ 74,815	\$ 577,308
NET POSITION				
Net investment in capital assets	\$ 13,521,385	\$ 21,511,662	\$ 1,101,989	\$ 36,135,036
Restricted for debt service	492,559	-	-	492,559
Unrestricted	5,165,015	(6,072,651)	(2,862,971)	(3,770,607)
Total Net Position	\$ 19,178,959	\$ 15,439,011	\$ (1,760,982)	\$ 32,856,988
Total Liabilities, Deferred Inflows of resources, and Net Position	\$ 35,539,814	\$ 22,031,579	\$ 4,984,339	\$ 62,555,732

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, 2019

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Operating revenues:				
Charges for services	\$ 13,884,413	\$ 655,876	\$ 657,094	\$ 15,197,383
Connection fees	164,366	-	-	164,366
Miscellaneous income	571,770	18,183	-	589,953
Total operating revenues	<u>\$ 14,620,549</u>	<u>\$ 674,059</u>	<u>\$ 657,094</u>	<u>\$ 15,951,702</u>
Operating expenses:				
Personal services	\$ 1,313,092	\$ 1,903,590	\$ 364,683	\$ 3,581,365
Fringe benefits	72,471	352,075	104,770	529,316
Contractual services	444,915	346,834	76,651	868,400
Wastewater treatment services	5,096,881	-	-	5,096,881
Water purchased for resale	2,122,828	-	-	2,122,828
Other charges	1,331,773	936,957	213,199	2,481,929
Depreciation	1,309,117	1,021,611	137,544	2,468,272
Total operating expenses	<u>\$ 11,691,077</u>	<u>\$ 4,561,067</u>	<u>\$ 896,847</u>	<u>\$ 17,148,991</u>
Operating income (loss)	<u>\$ 2,929,472</u>	<u>\$ (3,887,008)</u>	<u>\$ (239,753)</u>	<u>\$ (1,197,289)</u>
Nonoperating revenues (expenses):				
State grants	\$ -	\$ 976,929	\$ -	\$ 976,929
Federal grants	-	584,301	-	584,301
Interest income	12,083	-	-	12,083
Interest expense	(450,012)	-	(183,378)	(633,390)
Total nonoperating revenues (expenses)	<u>\$ (437,929)</u>	<u>\$ 1,561,230</u>	<u>\$ (183,378)</u>	<u>\$ 939,923</u>
Income (loss) before transfers	\$ 2,491,543	\$ (2,325,778)	\$ (423,131)	\$ (257,366)
Transfers in	-	980,248	292,850	1,273,098
Changes in net position	\$ 2,491,543	\$ (1,345,530)	\$ (130,281)	\$ 1,015,732
Net position (deficit) at beginning of year	<u>16,687,416</u>	<u>16,784,541</u>	<u>(1,630,701)</u>	<u>31,841,256</u>
Net position (deficit) at end of year	<u>\$ 19,178,959</u>	<u>\$ 15,439,011</u>	<u>\$ (1,760,982)</u>	<u>\$ 32,856,988</u>

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

Statement of Cash Flows --
 Proprietary Funds
 Year Ended June 30, 2019

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 13,818,248	\$ 674,059	\$ 657,094	\$ 15,149,401
Payments to employees (including fringe benefits)	(1,674,744)	(2,426,681)	(446,010)	(4,547,435)
Payments to suppliers	(9,410,978)	(1,301,623)	(280,331)	(10,992,932)
Net cash provided by (used for) operating activities	<u>\$ 2,732,526</u>	<u>\$ (3,054,245)</u>	<u>\$ (69,247)</u>	<u>\$ (390,966)</u>
Cash flows from capital and related financing activities:				
Purchase and construction of capital assets	\$ (1,348,096)	\$ (547,013)	\$ -	\$ (1,895,109)
Interest expense	(451,077)	-	(184,779)	(635,856)
Premium(discount) on debt issued	(24,612)	-	-	(24,612)
Retirement of indebtedness	(425,230)	-	(106,273)	(531,503)
Net cash provided by (used for) capital and related financing activities	<u>\$ (2,249,015)</u>	<u>\$ (547,013)</u>	<u>\$ (291,052)</u>	<u>\$ (3,087,080)</u>
Cash flows from noncapital financing activities:				
State and federal grants	\$ -	\$ 1,597,030	\$ -	\$ 1,597,030
Negative cash balances implicitly financed	-	1,024,411	67,449	1,091,860
Transfers (to) and from other funds	525,235	979,817	292,850	1,797,902
Net cash provided by (used for) noncapital financing activities	<u>\$ 525,235</u>	<u>\$ 3,601,258</u>	<u>\$ 360,299</u>	<u>\$ 4,486,792</u>
Cash flows from investing activities:				
Interest income	\$ 12,083	\$ -	\$ -	\$ 12,083
Increase in cash and cash equivalents	\$ 1,020,829	\$ -	\$ -	\$ 1,020,829
Cash and cash equivalents at beginning of year	7,692,831	-	-	7,692,831
Cash and cash equivalents at end of year	<u>\$ 8,713,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,713,660</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 2,929,472	\$ (3,887,008)	\$ (239,753)	\$ (1,197,289)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation	\$ 1,309,117	\$ 1,021,611	\$ 137,544	\$ 2,468,272
Changes in operating activities:				
(Increase) decrease in:				
Accounts receivable and due from other governments	(865,311)	-	-	(865,311)
Inventory	(9,618)	(2,518)	9,029	(3,107)
Prepaid items	(8,567)	-	-	(8,567)
Increase (decrease) in:				
Accounts payable	(396,396)	(15,314)	490	(411,220)
Accrued salaries payable	2,960	3,088	11,365	17,413
Customer deposits	63,010	-	-	63,010
Pension deferred outflows of resources	7,858	201,335	79,514	288,707
Pension deferred inflows of resources	(72,169)	(48,131)	(4,244)	(124,544)
Net pension liability	(237,277)	(336,518)	(65,691)	(639,486)
OPEB deferred outflows of resources	(7,297)	(10,346)	(2,021)	(19,664)
OPEB deferred inflows of resources	1,138	1,615	315	3,068
Net OPEB liability	40	55	12	107
Compensated absences	15,566	17,886	4,193	37,645
Total adjustments	<u>\$ (196,946)</u>	<u>\$ 832,763</u>	<u>\$ 170,506</u>	<u>\$ 806,323</u>
Net cash provided by (used for) operating activities	<u>\$ 2,732,526</u>	<u>\$ (3,054,245)</u>	<u>\$ (69,247)</u>	<u>\$ (390,966)</u>
Reconciliation of Cash to Statement of Net Position:				
Cash and cash equivalents	\$ 3,021,492	\$ -	\$ -	\$ 3,021,492
Restricted cash - SCWA - debt service	5,692,168	-	-	5,692,168
Negative cash balances implicitly financed	-	(5,281,209)	(2,355,861)	(7,637,070)
Total cash and cash equivalents at end of year	<u>\$ 8,713,660</u>	<u>\$ (5,281,209)</u>	<u>\$ (2,355,861)</u>	<u>\$ 1,076,590</u>

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

Statement of Fiduciary Net Position - Fiduciary Funds
 At June 30, 2019

	<u>Hospital Trust Fund</u>		<u>Agency Funds</u>
	Private- Purpose Trust		
ASSETS			
Cash and cash equivalents	\$ 555,373	\$	249,847
Land held for resale	<u>-</u>		<u>2,500,000</u>
Total assets	<u>\$ 555,373</u>	<u>\$</u>	<u>2,749,847</u>
LIABILITIES			
Accounts payable	\$ 135,000	\$	-
Amounts held for others	<u>-</u>		<u>2,749,847</u>
Total liabilities	\$ 135,000	\$	2,749,847
NET POSITION			
Held for hospitalization care for welfare recipients	<u>420,373</u>		<u>-</u>
Total liabilities and net position	<u>\$ 555,373</u>	<u>\$</u>	<u>2,749,847</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, 2019

	Hospital Trust Fund <u>Private- Purpose Trust</u>
Additions	
Investment income	\$ 344
	<u>344</u>
Change in net position	\$ 344
Net position - beginning of the year	420,029
Net position - end of the year	\$ <u><u>420,373</u></u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019

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, 2019.

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, 2019.

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, 2019 (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, 2019 were \$5,096,881. 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, 2019 were \$4,931,294. 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, 2019 were \$2,122,828. 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, 2019 (Continued)

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

C. Other Related Organizations: (Continued)

Jointly Governed Organizations

Central Virginia Waste Management Authority

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

Appomattox Basin Industrial Development Corporation

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

District 19 Community Services Board

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

Related Organizations

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

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

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

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

Measurement Focus and Basis of Accounting: (Continued)

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

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

1. Governmental Funds

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

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

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

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

1. Governmental Funds: (Continued)

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

2. Proprietary Funds

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

Enterprise Funds

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

The City reports the following major enterprise funds.

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

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

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

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

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

E. Budgets and Budgetary Accounting

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

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

F. Cash and Cash Equivalents

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

G. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

G. Investments: (Continued)

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

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 \$7,983,968 at June 30, 2019 and is comprised of the following:

Property taxes - General Fund	\$	1,342,440
Refuse and consumer's utility taxes - General Fund		659,283
Stormwater fees		325,735
Public Utility Accounts		5,656,510
Total	\$	<u><u>7,983,968</u></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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

J. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized for the year ended June 30, 2019.

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

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

K. Compensated Absences

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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.

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;

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

O. Fund Equity: (Continued)

- 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.

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, 2019.

As of June 30, 2019, there was a deficit net position in the Golf Course Fund (\$1,760,982).

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.

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

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

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

T. Net Position Flow Assumption

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.

U. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension asset or liability next fiscal year and the impact of the change in proportionate share of net pension liability. It is also comprised of certain items related to measurement of the net pension liability. These include differences between expected and actual experience, the net difference between projected and actual experience, the net difference between projected and actual earnings on pension plan investments, and changes in proportionate share of employer contributions. For more detailed information on this item, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. One is the deferred amount of property tax revenue. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

to June 30 and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. The other includes differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on this item, reference the pension note.

W. Pensions

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

Note 2—Deposits and Investments:

Deposits

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

Investments

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

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, 2019 all of the City's investments were held in accordance with this policy.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 2—Deposits and Investments: (Continued)

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, 2019 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	\$ 314,707	\$ -
Virginia State Non-Arbitrage Program (SNAP)	5,692,169	-
U.S. Treasury Money Market Funds	2,493,474	-
Total Primary Government investments	<u>\$ 8,500,350</u>	<u>\$ -</u>

Interest Rate Risk

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

Investment Type	Investment Maturities (in years)		
	Fair Value	<1 Year	1-5 Years
Primary Government:			
Local Government Investment Pool	\$ 314,707	\$ 314,707	\$ -
Virginia State Non-Arbitrage Program (SNAP)	5,692,169	5,692,169	-
U.S. Treasury Money Market Funds	2,493,474	2,493,474	-
Total Primary Government investments	<u>\$ 8,500,350</u>	<u>\$ 8,500,350</u>	<u>\$ -</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 2—Deposits and Investments: (Continued)

External Investment Pools: (Continued)

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

Foreign Currency Risk

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

Concentration of Credit Risk

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

Note 3—Due From Other Governmental Units:

At June 30, 2019, the City has receivables from other governments as follows:

	Primary Government	
	Governmental Funds	Business-type Funds
	<u> </u>	<u> </u>
Commonwealth of Virginia:		
Local sales taxes	\$ 709,334	\$ -
Miscellaneous grants	150,260	10,736
Shared expenses	173,209	-
Public assistance and welfare administration	235,580	-
Comprehensive services	591,528	-
PPTRA	2,294,331	-
Communications tax	248,952	-
Federal Government:		
Public assistance and welfare administration	334,409	-
Community Development Block Grant	58,625	-
Miscellaneous grants	17,878	-
Mass Transit	-	6,464
	<u> </u>	<u> </u>
Total due from other governments	<u>\$ 4,814,106</u>	<u>\$ 17,200</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2019 are presented below:

Fund	Due From Other Funds/ Component Unit	Due to Other Funds/ Component Unit
Interfund Balances:		
General	\$ 250,071	\$ 2,497,582
Capital projects	4,499,198	-
Enterprise:		
Public Utility	13,220	1,699,027
Mass Transit	431	-
Golf Course	-	279,780
Nonmajor funds:		
Federal and State Projects	-	41,398
Community Development Act	11,588	-
Stormwater	-	6,650
Blandford Cemetery Perpetual Care	-	250,071
Total	<u>\$ 4,774,508</u>	<u>\$ 4,774,508</u>
Reporting Entity:		
Primary Government - General Fund	\$ 648,538	\$ -
Primary Government - Capital Projects Fund	-	3,070,486
School Board	2,421,948	-
Total	<u>\$ 3,070,486</u>	<u>\$ 3,070,486</u>

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

Interfund Transfers

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
Major Funds:		
General	\$ -	\$ 1,413,355
Mass Transit Fund	980,248	-
Golf Course Fund	292,850	-
Nonmajor Funds:		
Stormwater Fund	91,617	-
Federal and State Grants Fund	48,640	-
Total	<u>\$ 1,413,355</u>	<u>\$ 1,413,355</u>

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Inventory:

At June 30, 2019, the City has inventory recorded in the various funds as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Expendable supplies	\$ 10,961	\$ 512,575
Land and building inventory held for resale:		
324 Commercial/residential lots owned in the City	4,675,018	-
8 Commercial buildings owned in Dinwiddie County	32,181	-
Totals	<u>\$ 4,718,160</u>	<u>\$ 512,575</u>

The following is a summary of changes in inventory held for resale for the fiscal year ended June 30, 2019:

	<u>Balance July 1, 2018</u>	<u>Purchases</u>	<u>Sales</u>	<u>Balance June 30, 2019</u>
Land and building inventory held for resale:				
312 Commercial/residential lots owned in the City	\$ 4,797,900	\$ -	\$ 122,882	\$ 4,675,018
8 Commercial buildings owned in Dinwiddie County	<u>32,181</u>	<u>-</u>	<u>-</u>	<u>32,181</u>
Totals	<u>\$ 4,830,081</u>	<u>\$ -</u>	<u>\$ 122,882</u>	<u>\$ 4,707,199</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,046,998	\$ -	\$ -	\$ 6,046,998
Historical buildings and improvements	-	1,767,995	-	1,767,995
Construction in progress - city projects	1,891,455	742,202	1,767,995	865,662
Total capital assets not being depreciated	<u>\$ 7,938,453</u>	<u>\$ 2,510,197</u>	<u>\$ 1,767,995</u>	<u>\$ 8,680,655</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 77,548,105	\$ 237,506	\$ -	\$ 77,785,611
Land improvements	-	34,959	-	34,959
Infrastructure	109,670,284	362,373	-	110,032,657
Vehicles	14,590,676	314,037	682,921	14,221,792
Equipment (other than vehicles)	14,308,554	381,951	157,863	14,532,642
Total capital assets being depreciated	<u>\$ 216,117,619</u>	<u>\$ 1,330,826</u>	<u>\$ 840,784</u>	<u>\$ 216,607,661</u>
Accumulated depreciation:				
Buildings and improvements	\$ 46,769,073	\$ 1,521,561	\$ -	\$ 48,290,634
Land improvements	-	4,032	-	4,032
Infrastructure	96,988,960	659,274	-	97,648,234
Vehicles	11,061,502	798,645	682,921	11,177,226
Equipment (other than vehicles)	12,078,341	540,656	155,863	12,463,134
Total accumulated depreciation	<u>\$ 166,897,876</u>	<u>\$ 3,524,168</u>	<u>\$ 838,784</u>	<u>\$ 169,583,260</u>
Total capital assets being depreciated, net	<u>\$ 49,219,743</u>	<u>\$ (2,193,342)</u>	<u>\$ 2,000</u>	<u>\$ 47,024,401</u>
Governmental Activities capital assets, net	<u>\$ 57,158,196</u>	<u>\$ 316,855</u>	<u>\$ 1,769,995</u>	<u>\$ 55,705,056</u>
Reconciliation of primary government net position net investment in capital assets:				
Net capital assets				<u>\$ 55,705,056</u>
Long-term debt applicable to capital assets:				
General obligation bonds			\$ 39,532,494	
School Literary Fund loan			150,000	
School Qualified Zone Academy Bonds (SQZAB's)			3,868,528	
Cash deposited in School Qualified Zone Academy Bonds Funds			(2,014,591)	
Deferred amount on refunding			(930,401)	
Discount on bonds payable			(249,197)	
Stormwater revenue bond			2,175,000	
Capital lease			247,460	\$ 42,779,293
Less-debt proceeds received but not expended on capital assets at year end				(658,131)
Net long-term debt, as adjusted				<u>\$ 42,121,162</u>
Net investment in capital assets				<u>\$ 13,583,894</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Business-type Activities:				
Public Utility Fund:				
Capital assets, not being depreciated:				
Land	\$ 173,898	\$ -	\$ -	\$ 173,898
Construction in progress	107,951	316,325	63,050	361,226
Total capital assets not being depreciated	<u>\$ 281,849</u>	<u>\$ 316,325</u>	<u>\$ 63,050</u>	<u>\$ 535,124</u>
Capital assets being depreciated:				
Utility plant in service	\$ 36,775,038	\$ 576,655	\$ -	\$ 37,351,693
Water capacity rights	4,420,000	-	-	4,420,000
Vehicles	1,239,855	176,708	166,318	1,250,245
Equipment and machinery	1,971,362	341,458	-	2,312,820
Total capital assets being depreciated	<u>\$ 44,406,255</u>	<u>\$ 1,094,821</u>	<u>\$ 166,318</u>	<u>\$ 45,334,758</u>
Accumulated depreciation:				
Utility plant in service	\$ 18,627,311	\$ 993,257	\$ -	\$ 19,620,568
Water capacity rights	2,431,000	110,500	-	2,541,500
Vehicles	1,189,951	36,851	166,318	1,060,484
Equipment and machinery	1,365,597	168,509	-	1,534,106
Total accumulated depreciation	<u>\$ 23,613,859</u>	<u>\$ 1,309,117</u>	<u>\$ 166,318</u>	<u>\$ 24,756,658</u>
Total capital assets being depreciated, net	<u>\$ 20,792,396</u>	<u>\$ (214,296)</u>	<u>\$ -</u>	<u>\$ 20,578,100</u>
Public Utility Fund capital assets, net	<u>\$ 21,074,245</u>	<u>\$ 102,029</u>	<u>\$ 63,050</u>	<u>\$ 21,113,224</u>
Reconciliation of Public Utility Fund net position net investment in capital				
Net capital assets				<u>\$ 21,113,224</u>
Long-term debt applicable to capital assets:				
General obligation bonds		\$ 7,695,000		
Premium on bonds issued		564,013		
Capital lease		<u>4,246,701</u>		\$ 12,505,714
Less-debt proceeds received but not expended on capital assets at year end				(4,913,875)
Net long-term debt, as adjusted				<u>\$ 7,591,839</u>
Net investment in capital assets				<u>\$ 13,521,385</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2019:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Business-type Activities:				
Mass Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ <u>1,566,994</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,566,994</u>
Total capital assets not being depreciated	\$ <u>1,566,994</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,566,994</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 25,457,648	\$ 49,115	\$ -	\$ 25,506,763
Vehicles	6,216,408	394,662	290,863	6,320,207
Equipment and machinery	<u>963,081</u>	<u>103,236</u>	<u>-</u>	<u>1,066,317</u>
Total capital assets being depreciated	\$ <u>32,637,137</u>	\$ <u>547,013</u>	\$ <u>290,863</u>	\$ <u>32,893,287</u>
Accumulated depreciation:				
Buildings and improvements	\$ 6,995,383	\$ 615,176	\$ -	\$ 7,610,559
Vehicles	4,415,926	358,290	290,863	4,483,353
Equipment and machinery	<u>806,562</u>	<u>48,145</u>	<u>-</u>	<u>854,707</u>
Total accumulated depreciation	\$ <u>12,217,871</u>	\$ <u>1,021,611</u>	\$ <u>290,863</u>	\$ <u>12,948,619</u>
Total capital assets being depreciated, net	\$ <u>20,419,266</u>	\$ <u>(474,598)</u>	\$ <u>-</u>	\$ <u>19,944,668</u>
Mass Transit Fund capital assets, net	\$ <u><u>21,986,260</u></u>	\$ <u><u>(474,598)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>21,511,662</u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2019:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Business-type Activities:				
Golf Course				
Capital assets, not being depreciated:				
Land	\$ 3,383,047	\$ -	\$ -	\$ 3,383,047
Total capital assets not being depreciated	<u>\$ 3,383,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,383,047</u>
Capital assets being depreciated:				
Land improvements	\$ 1,040,599	\$ -	\$ -	\$ 1,040,599
Buildings and improvements	976,131	-	-	976,131
Equipment and machinery	<u>426,349</u>	<u>-</u>	<u>-</u>	<u>426,349</u>
Total capital assets being depreciated	<u>\$ 2,443,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,443,079</u>
Accumulated depreciation:				
Land improvements	\$ 684,321	\$ 69,106	\$ -	\$ 753,427
Buildings and improvements	85,809	25,803	-	111,612
Equipment and machinery	<u>67,104</u>	<u>42,635</u>	<u>-</u>	<u>109,739</u>
Total accumulated depreciation	<u>\$ 837,234</u>	<u>\$ 137,544</u>	<u>\$ -</u>	<u>\$ 974,778</u>
Total capital assets being depreciated, net	<u>\$ 1,605,845</u>	<u>\$ (137,544)</u>	<u>\$ -</u>	<u>\$ 1,468,301</u>
Golf Course Fund capital assets, net	<u>\$ 4,988,892</u>	<u>\$ (137,544)</u>	<u>\$ -</u>	<u>\$ 4,851,348</u>
Reconciliation of Golf Course Fund net position net investment in capital assets:				
Net capital assets				<u>\$ 4,851,348</u>
Long-term debt applicable to capital assets:				
General obligation bonds		\$ 3,749,359		<u>\$ 3,749,359</u>
Net long-term debt, as adjusted				<u>\$ 3,749,359</u>
Net investment in capital assets				<u>\$ 1,101,989</u>
Total Business-type Activities capital assets, net	<u>\$ 48,049,397</u>	<u>\$ (510,113)</u>	<u>\$ 63,050</u>	<u>\$ 47,476,234</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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	\$ 217,764
Judicial administration	201,528
Public safety	942,914
Public works	1,052,796
Health and welfare	205,827
Education	667,248
Parks, recreation and cultural	215,775
Community development	<u>20,316</u>
Total Governmental activities	\$ <u><u>3,524,168</u></u>
Business-type activities:	
Public Utility Fund	\$ 1,309,117
Mass Transit Fund	1,021,611
Golf Course Fund	<u>137,544</u>
Total Business-type activities	\$ <u><u>2,468,272</u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2019:

Description	Balance July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2019	Amounts Due Within One Year
Long-term obligation transactions:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 41,027,152	-	\$ 1,494,658	\$ 39,532,494	\$ 1,524,046
Stormwater revenue bonds	2,230,000	-	55,000	2,175,000	55,000
School Literary Fund loans	200,000	-	50,000	150,000	50,000
School Qualified Zone Academy Bonds	6,210,695	-	2,342,167	3,868,528	200,000
Capital leases	626,789	-	379,329	247,460	247,460
Discount on bonds payable	(259,580)	-	(10,383)	(249,197)	(10,383)
Net pension liability	15,502,532	12,545,057	17,949,470	10,098,119	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 1,780,338	\$ 133,235	\$ 199,405	\$ 1,714,168	-
Net LODA OPEB liability	3,480,000	1,154,000	968,000	3,666,000	-
Net GLI OPEB liability	1,533,541	611,628	544,564	1,600,605	-
Total Net OPEB liability	\$ 6,793,879	\$ 1,898,863	\$ 1,711,969	\$ 6,980,773	-
Compensated absences	1,783,255	147,740	178,326	1,752,669	175,267
 Total Governmental Activities long-term obligations	 \$ 74,114,722	 \$ 14,591,660	 \$ 24,150,536	 \$ 64,555,846	 \$ 2,241,390
Short-term obligation transactions:					
Anticipation notes	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
 Total Governmental Activities obligations	 \$ 80,614,722	 \$ 21,091,660	 \$ 30,650,536	 \$ 71,055,846	 \$ 8,741,390
Reconciliation to Exhibit 1:					
Long-term liabilities due within one year:				\$ 8,741,390	
Long-term liabilities due in more than one year:				62,314,456	
 Total long-term obligations				 \$ 71,055,846	

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2019 are as follows:

Year Ending June 30,	Direct Borrowings and Direct Placements								
	General Obligation Bonds		Literary Loans		Stormwater Revenue Bonds		Qualified Zone Academy Bonds	Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2020	\$ 1,524,046	\$ 1,501,344	\$ 50,000	\$ 3,000	\$ 55,000	\$ 90,270	\$ 200,000	\$ 247,460	\$ 9,470
2021	1,438,448	1,469,008	50,000	2,000	60,000	88,861	1,736,671	-	-
2022	1,412,869	1,435,797	50,000	1,000	60,000	87,391	200,000	-	-
2023	1,374,106	1,402,282	-	-	60,000	85,540	1,316,857	-	-
2024	1,258,559	1,370,678	-	-	65,000	83,215	200,000	-	-
2025	1,382,164	1,338,862	-	-	65,000	80,797	215,000	-	-
2026	1,401,653	1,304,250	-	-	70,000	78,286	-	-	-
2027	1,763,533	1,260,055	-	-	70,000	75,682	-	-	-
2028	991,301	1,212,343	-	-	75,000	72,985	-	-	-
2029	1,374,125	1,162,107	-	-	75,000	70,053	-	-	-
2030	1,146,029	1,108,889	-	-	80,000	66,876	-	-	-
2031	707,990	1,070,110	-	-	85,000	63,493	-	-	-
2032	1,442,310	1,022,682	-	-	85,000	60,008	-	-	-
2033	1,139,192	964,036	-	-	90,000	56,420	-	-	-
2034	1,198,651	910,285	-	-	95,000	52,379	-	-	-
2035	2,031,338	838,053	-	-	100,000	47,869	-	-	-
2036	1,940,774	750,283	-	-	105,000	43,128	-	-	-
2037	2,016,972	661,980	-	-	110,000	38,156	-	-	-
2038	2,114,648	569,917	-	-	115,000	32,953	-	-	-
2039	2,199,085	473,080	-	-	120,000	27,519	-	-	-
2040	2,309,701	371,498	-	-	125,000	21,853	-	-	-
2041	1,860,000	276,860	-	-	130,000	15,956	-	-	-
2042	3,135,000	169,444	-	-	135,000	9,828	-	-	-
2043	2,370,000	51,044	-	-	145,000	3,353	-	-	-
Total	\$ 39,532,494	\$ 22,694,887	\$ 150,000	\$ 6,000	\$ 2,175,000	\$ 1,352,871	\$ 3,868,528	\$ 247,460	\$ 9,470

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations as of June 30, 2019 are as follows:

Original Amount	Description	Outstanding Amount at June 30, 2019
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%	\$ 278,253
6,155,000	Series 2004 refunding general obligation bonds due in annual installments of \$75,000 to \$620,000 through July 2019, interest at 2.5% to 4.125%	75,000
7,360,000	Series 2009A general obligation bonds due in various annual installments through 2040, interest at various rates (\$7,360,000 of original issue allocated to governmental; \$4,000,000 to business-type)	6,149,630
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	4,305,000
1,530,000	Qualified School Construction Bonds issued December 1, 2011, due in various annual installments ranging from \$52,000 to \$122,700 through December 1, 2030 interest free as a federal tax credit is provided to bondholders	1,128,600
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)	1,921,011
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	1,030,000
10,895,000	Series 2017A general obligation and refunding bonds due in various annual installments through November 2042, interest at 4.172%	10,565,000
14,080,000	Series 2017B general obligation and refunding bonds due in various annual installments through November 2042, interest at 5.047% (14,080,000 of original issue allocated to governmental, \$2,230,000 to stormwater, and \$840,000 to Utility)	14,080,000
	Total general obligation bonds	<u>\$ 39,532,494</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2019
State Literary Fund Loans:		
1,000,000	State Literary Fund Loan issued March 15, 2002, due in annual installments of \$50,000 through March 15, 2022 interest at 2%	\$ 150,000
	Total State Literary Fund Loans	\$ 150,000
Qualified Zone Academy Bonds:		
	(4)	
1,536,671	Series 2004 issued December 30, 2004, due in annual installments of \$78,329 through December 30, 2019, final payment of \$153,667 due December 30, 2020	\$ 1,536,671
	(5)	
1,116,857	Series 2006 issued October 31, 2006, due in annual installments of \$54,300 through October 31, 2022, final payment of \$111,686 due October 31, 2022	1,116,857
2,000,000	Series 2014 issued October 14, 2014, due in various annual installments through December 1, 2024, final payment of \$215,000 due December 1, 2024	1,215,000
	Total Qualified Zone Academy Bonds	\$ 3,868,528

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Original Amount	Description	Outstanding Amount at June 30, 2019
	Stormwater Revenue Bond:	
\$ 2,230,000	Series 2017B general obligation and refunding bonds due in various annual installments through November 2042, interest at 5.047% (14,080,000 of original issue allocated to governmental, \$2,230,000 to stormwater, and \$840,000 to Utility)	\$ 2,175,000
	Total Stormwater Revenue Bond	\$ 2,175,000
	Other Long-term Obligations:	
	Capital leases	247,460
	Discount on bonds payable	(249,197)
	Net pension liability	10,098,119
	Net OPEB liability	6,980,773
	Compensated absences	1,752,669
	Total governmental activities long-term obligations	\$ 64,555,846

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

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2019:

	<u>Balance July 1, 2018</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
Public Utility Fund:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 7,890,000	\$ -	\$ 195,000	\$ 7,695,000	\$ 205,000
Capital leases	4,476,931	-	230,230	4,246,701	253,594
Premium on bonds issued	588,625	-	24,612	564,013	24,612
Net pension liability	680,629	550,784	788,061	443,352	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 78,165	\$ 5,850	\$ 8,755	\$ 75,260	-
Net GLI OPEB liability	67,329	26,854	23,909	70,274	-
Total Net OPEB liability	\$ 145,494	\$ 32,704	\$ 32,664	\$ 145,534	-
Compensated absences	43,725	19,938	4,372	59,291	5,929
Total Public Utility fund	<u>\$ 13,825,404</u>	<u>\$ 603,426</u>	<u>\$ 1,274,939</u>	<u>\$ 13,153,891</u>	<u>\$ 489,135</u>
Mass Transit Fund:					
Net pension liability	\$ 965,301	\$ 781,147	\$ 1,117,665	\$ 628,783	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 110,856	\$ 8,296	\$ 12,416	\$ 106,736	-
Net GLI OPEB liability	95,490	38,084	33,909	99,665	-
Total Net OPEB liability	\$ 206,346	\$ 46,380	\$ 46,325	\$ 206,401	-
Compensated absences	62,640	24,150	6,264	80,526	8,053
Total Mass Transit fund	<u>\$ 1,234,287</u>	<u>\$ 851,677</u>	<u>\$ 1,170,254</u>	<u>\$ 915,710</u>	<u>\$ 8,053</u>
Golf Course Fund:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 3,855,632	\$ -	\$ 106,273	\$ 3,749,359	\$ 112,423
Net pension liability	188,435	152,487	218,178	122,744	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 21,641	\$ 1,620	\$ 2,425	\$ 20,836	-
Net GLI OPEB liability	18,639	7,436	6,619	19,456	-
Total Net OPEB liability	\$ 40,280	\$ 9,056	\$ 9,044	\$ 40,292	-
Compensated absences	23,560	6,549	2,356	27,753	2,775
Total Golf Course fund	<u>\$ 4,107,907</u>	<u>\$ 168,092</u>	<u>\$ 335,851</u>	<u>\$ 3,940,148</u>	<u>\$ 115,198</u>
Total Business-type Activities	<u>\$ 19,167,598</u>	<u>\$ 1,623,195</u>	<u>\$ 2,781,044</u>	<u>\$ 18,009,749</u>	<u>\$ 612,386</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Details of long-term obligations transactions as of June 30, 2019:

Original Amount	Description	Outstanding Amount at June 30, 2019
	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%	\$ 6,875,000
840,000	Series 2017B general obligation and refunding bonds due in various annual installments through November 2042, interest at 5.047% (14,080,000 of original issue allocated to governmental, \$2,230,000 to stormwater, and \$840,000 to Utility)	820,000
	Total general obligation bonds	\$ 7,695,000
	Capital Leases	4,246,701
	Bond premium	564,013
	Net pension liability	443,352
	Net OPEB liability	145,534
	Compensated absences	59,291
	Total Public Utility Fund	\$ 13,153,891
	Mass Transit Fund:	
	Net pension liability	\$ 628,783
	Net OPEB liability	206,401
	Compensated absences	80,526
	Total Mass Transit Fund	\$ 915,710
	Golf Course Fund:	
	General Obligation Bonds:	
4,000,000	Series 2009A general obligation bonds due in various annual installments through 2040, interest at various rates (\$7,360,000 of original issue allocated to governmental; \$4,000,000 to business-type)	\$ 3,345,370
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)	403,989
	Total general obligation bonds	\$ 3,749,359
	Net pension liability	122,744
	Net OPEB liability	40,292
	Compensated absences	27,753
	Total Golf Course Fund	\$ 3,940,148
	Total business-type activities	\$ 18,009,749

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize business-type activities obligations outstanding as of June 30, 2019 are as follows:

Year Ending June 30,	Direct Borrowings and Direct Placements					
	General Obligation Bonds				Capital Leases	
	Public Utility Fund		Golf Course Fund		Public Utility Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 205,000	\$ 336,195	\$ 112,423	\$ 160,919	\$ 253,594	\$ 141,292
2021	215,000	327,218	118,574	156,000	362,780	130,147
2022	230,000	316,417	124,725	150,962	375,309	117,618
2023	240,000	304,883	130,875	145,821	388,270	104,657
2024	250,000	292,678	137,026	140,425	401,679	91,248
2025	260,000	279,961	144,044	134,769	415,550	77,376
2026	275,000	266,603	150,195	128,835	429,902	63,025
2027	290,000	252,475	158,975	122,556	444,748	48,179
2028	305,000	240,365	166,886	115,886	460,107	32,820
2029	315,000	227,592	174,797	108,819	473,338	16,949
2030	330,000	214,128	183,577	101,595	241,424	2,400
2031	340,000	202,679	192,356	94,170	-	-
2032	355,000	190,541	200,268	86,330	-	-
2033	370,000	175,502	210,808	78,112	-	-
2034	380,000	159,572	221,348	69,472	-	-
2035	395,000	143,066	193,662	60,410	-	-
2036	420,000	123,712	204,225	50,719	-	-
2037	440,000	103,312	213,028	40,393	-	-
2038	460,000	81,993	225,352	29,545	-	-
2039	485,000	59,459	235,915	18,127	-	-
2040	505,000	37,290	250,300	6,143	-	-
2041	525,000	15,809	-	-	-	-
2042	50,000	3,700	-	-	-	-
2043	55,000	1,272	-	-	-	-
Total	\$ 7,695,000	\$ 4,356,422	\$ 3,749,359	\$ 2,000,008	\$ 4,246,701	\$ 825,711

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Capital Leases:			
\$797,000 issued December 31, 2014 for the purchase of a Radio system upgrade; payable in annual installments of \$174,491 through January 1, 2020; interest at 3.09%	\$ 169,261	\$ -	\$ 169,261
\$485,948 issued July 21, 2014 for the purchase of 2014 Firetruck; payable in semi-annual installments of \$51,252 through July 21, 2019; interest at 1.96%	50,755	-	50,755
\$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.	-	4,246,701	4,246,701
\$339,218 issued August 7, 2013 for the purchase of fourteen police vehicles, and two vans for public works ; payable in semi-annual installments of \$35,585 through August 2018; interest at 1.76%	4,740	-	4,740

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>		
Capital Leases: (Continued)					
\$177,016 issued December 16, 2014 for the purchase of six vehicles; payable in semi-annual installments of \$18,670 through December 16, 2019; interest at 2.00%	\$ 18,505	\$	\$ 18,505		
\$41,303 issued December 30, 2014 for the purchase of a 2015 Ford truck; payable in semi-annual installments of \$4,243 through December 30, 2019; interest at 2.08%	4,199	-	4,199		
Total capital leases	<u>\$ 247,460</u>	<u>\$ 4,246,701</u>	<u>\$ 4,494,161</u>		
Total equipment cost of assets acquired through capital lease	\$ 6,703,792	\$ 6,310,244	\$ 13,014,036		
Total accumulated depreciation on assets acquired through capital lease	(7,120,604)	(1,243,466)	(8,364,070)		
Net remaining book value	<u>\$ (416,812)</u>	<u>\$ 5,066,778</u>	<u>\$ 4,649,966</u>		
	<u>Date Issued</u>	<u>Balance July 1, 2018</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2019</u>
Tax revenue anticipation note	10/11/2018	\$ 6,500,000	\$ 6,500,000	\$ 6,500,000	\$ 6,500,000
		<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities

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

Note 8—Unearned/Deferred/Unavailable Revenue:

The following is a summary of unearned/deferred/unavailable revenue for the year ended June 30, 2019:

Description	Governmental Funds			
	Unavailable General Fund	Unearned Federal and State Projects Fund	Total Governmental Funds	Deferred Governmental Activities
Prepaid property taxes	\$ 21,482	\$ -	\$ 21,482	\$ 21,482
Local delinquent real and personal property taxes	9,155,966	-	9,155,966	-
	<u>\$ 9,177,448</u>	<u>\$ -</u>	<u>\$ 9,177,448</u>	<u>\$ 21,482</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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 9—Commitments and Contingencies: (Continued)

The City had the following commitments at year-end:

<u>Project</u>	<u>Authorized Commitment</u>	<u>Expended/ Expensed as of June 30, 2018</u>	<u>Remaining Commitment</u>
City Hall Annex	\$ 91,631	\$ 35,200	\$ 56,431
Walnut Boulevard Drainage Improvements	153,000	133,000	20,000
Total	<u>\$ 244,631</u>	<u>\$ 168,200</u>	<u>\$ 76,431</u>

Note 10—Risk Management:

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

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

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, 2019, the City had the following matters of Litigation that have been settled or still pending:

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

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

Note 12—Pension Plan:

Plan Description

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

Benefit Structures

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 12—Pension Plan: (Continued)

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 creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service 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 creditable service 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, 2017 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	764
Inactive members:	
Vested inactive members	167
Non-vested inactive members	159
Inactive members active elsewhere in VRS	521
Total inactive members	<u>847</u>
Active members	490
Total covered employees	<u><u>2,101</u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 12—Pension Plan: (Continued)

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, 2019 was 12.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$2,912,650 and \$2,601,279 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The City’s net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018.

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, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non--Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

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, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 12—Pension Plan: (Continued))

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

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related: (Continued)

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
	*Expected arithmetic nominal return		<u>7.30%</u>

The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the employer for the City’s Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed 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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 12—Pension Plan: (Continued)

Discount Rate: (Continued)

all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 170,510,520	\$ 153,173,623	\$ 17,336,897
Changes for the year:			
Service cost	\$ 2,353,140	\$ -	\$ 2,353,140
Interest	11,566,814	-	11,566,814
Changes of assumptions	-	-	-
Differences between expected and actual experience	(5,239,864)	-	(5,239,864)
Contributions - employer	-	2,606,309	(2,606,309)
Contributions - employee	-	1,090,142	(1,090,142)
Net investment income	-	11,137,059	(11,137,059)
Benefit payments, including refunds of employee contributions	(10,540,638)	(10,540,638)	-
Administrative expenses	-	(99,753)	99,753
Other changes	-	(9,767)	9,767
Net changes	\$ (1,860,548)	\$ 4,183,352	\$ (6,043,900)
Balances at June 30, 2018	\$ 168,649,972	\$ 157,356,975	\$ 11,292,997

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
City Net Pension Liability	30,780,696	11,292,997	(5,040,333)

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2019, the City recognized pension expense of (\$4,496,339). At June 30, 2019, 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	\$ -	\$ 3,166,113
Change in assumptions	163,689	-
Change in proportionate share	178,078	178,078
Net difference between projected and actual earnings on pension plan investments	-	1,175,253
Employer contributions subsequent to the measurement date	<u>2,912,650</u>	<u>-</u>
Total	<u>\$ 3,254,417</u>	<u>\$ 4,519,444</u>

\$2,912,650 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, 2020. 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>	
2020	\$ (2,389,382)
2021	(69,452)
2022	(1,587,186)
2023	(131,657)
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 (Continued)

Note 13—Landfill Closure and Postclosure Care Costs:

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

Note 14—Expenditures and Appropriations:

There were no expenditures in excess of appropriations.

Note 15—Other Postemployment Benefits:

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

Plan Description

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

Benefits Provided

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

Plan Membership

At July 1, 2018, (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	486
Total retirees with coverage		<u>24</u>
Total	\$	<u><u>510</u></u>

Contributions

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Net/Total OPEB Liability

The City's net/total OPEB liability was measured as of July 1, 2018. 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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	3.62%

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year, Tax-Exempt General Obligation Municipal Bonds with an average rating of AA/Aa or higher. The final equivalent single discount rate used for this year's valuation is 3.62% as of the end of the fiscal year with the expectation that the City will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Net/Total OPEB Liability

Changes in Net OPEB Liability - City	
	Primary Government Total OPEB Liability
Balances at June 30, 2018	\$ 1,991,000
Changes for the year:	
Service cost	77,000
Interest	72,000
Difference between expected and actual experience	(142,000)
Changes in assumptions	35,000
Contributions - employer	(116,000)
Net changes	<u>(74,000)</u>
Balances at June 30, 2019	<u>\$ 1,917,000</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Sensitivity of the Total OPEB Liability to Changes in Discount Rate

The following amounts present the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current discount rate:

Rate		
1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
\$ 2,109,000	\$ 1,917,000	\$ 1,747,000

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

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00% decreasing to an ultimate rate of 4%) or one percentage point higher (8.50% decreasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (6.00% decreasing to 4.00%)	Healthcare Cost Trend (7.00% decreasing to 5.00%)	1% Increase (8.00% decreasing to 6.00%)
\$ 1,701,000	\$ 1,917,000	\$ 2,173,000

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$140,000. At June 30, 2019, 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	\$ -	\$ 119,000
Changes in assumptions	29,000	-
Total	\$ 29,000	\$ 119,000

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, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Plan Description

The Group Life Insurance (GLI) Program 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 Program 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 Program. 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 program, it is not included as part of the GLI Program OPEB.

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

Eligible Employees

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

Benefit Amounts

The GLI Program 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 program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

Contributions

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Contributions: (Continued)

all of the employer contribution. Each employer’s contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the entity were \$130,338 and \$116,521 for the years ended June 30, 2019 and June 30, 2018, 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, 2019, the entity reported a liability of \$1,790,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer’s proportion was 0.11784% as compared to 0.11394% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$(41,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, 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	\$ 87,000	\$ 32,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	58,000
Change in assumptions	-	75,000
Changes in proportion	56,000	286,000
Employer contributions subsequent to the measurement date	<u>130,338</u>	<u>-</u>
Total	<u>\$ 273,338</u>	<u>\$ 451,000</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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)

\$130,338 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, 2020. 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>	
2020	\$ (80,000)
2021	(80,000)
2022	(80,000)
2023	(64,000)
2024	(15,000)
Thereafter	11,000

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Mortality Rates - General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Mortality Rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - SPORS Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

Mortality Rates - VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - VaLORS Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Mortality Rates - JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - JRS Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI 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, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
		<u> </u>
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

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, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

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

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
City’s proportionate share of the Group Life Insurance Program Net OPEB Liability	2,339,000	1,790,000	1,344,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Program’s Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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. 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.

Note 15—Other Postemployment Benefits: (Continued)

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

Plan Description: (Continued)

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

Eligible Employees

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

Benefit Amounts

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

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2019 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$175,031 and \$124,538 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the entity reported a liability of \$3,666,000 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2018 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of that date. 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, 2018 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2018, the entity's proportion was 1.16919% as compared to 1.32437% at June 30, 2017.

For the year ended June 30, 2019, the entity recognized LODA OPEB expense of \$237,000. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

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

At June 30, 2019, 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	\$ 526,000	\$ 1,000
Net difference between projected and actual earnings on LODA OPEB plan investments	-	9,000
Change in assumptions	-	422,000
Change in proportion	-	421,000
Employer contributions subsequent to the measurement date	<u>175,031</u>	<u>-</u>
Total	<u>\$ 701,031</u>	<u>\$ 853,000</u>

\$175,031 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, 2020. 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>	
2020	\$ (47,000)
2021	(47,000)
2022	(47,000)
2023	(45,000)
2024	(44,000)
Thereafter	(97,000)

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.50%-5.35%
SPORS employees	3.50%-4.75%
VaLORS employees	3.50%-4.75%
Locality employees	3.50%-4.75%
Medical cost trend rates assumption:	
Under age 65	7.75%-5.00%
Ages 65 and older	5.75%-5.00%
Year of ultimate trend rate	Fiscal year ended 2024
Investment rate of return	3.89%, net of OPEB plan investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.89%. However, since the difference was minimal, a more conservative 3.89% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.89% was used since it approximates the risk-free rate of return.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality rates - General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality rates - VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 315,395
Plan Fiduciary Net Position	1,889
Employers' Net OPEB Liability (Asset)	<u>\$ 313,506</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.60%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.89% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.89% 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, 2018.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.89%. 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, 2018, 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, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

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

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 3.89%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.89%) or one percentage point higher (4.89%) than the current rate:

	Discount Rate		
	1% Decrease (2.89%)	Current (3.89%)	1% Increase (4.89%)
City’s proportionate share of the total LODA Net OPEB Liability	\$ 4,200,000	\$ 3,666,000	\$ 3,235,000

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

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 5.00%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.75% decreasing to 4.00%)	Current (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
City’s proportionate share of the total LODA Net OPEB Liability	\$ 3,123,000	\$ 3,666,000	\$ 4,341,000

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 (Continued)

Note 16—Restatement of Fund Balance/Net Position

Fund Balance/Net Position at June 30, 2019 was restated as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Governmental Activities</u>
Fund Balance/Net position, as previously reported	\$ 14,844,762	\$ 7,387,187	\$ 17,996,183
Adjustment for:			
Accounts payable	\$ 402,662	-	\$ 402,662
Cash in custody of others	-	(593,451)	(593,451)
Total adjustments	<u>\$ 402,662</u>	<u>\$ (593,451)</u>	<u>\$ (190,789)</u>
Fund Balance/Net position, as restated	<u>\$ 15,247,424</u>	<u>\$ 6,793,736</u>	<u>\$ 17,805,394</u>

Note 17—Adoption of Accounting Principles:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

Note 18—Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Note 18—Upcoming Pronouncements: (Continued)

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

Note 19—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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 19—Fair Value Measurements: (Continued)

- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

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

The City has the following recurring fair value measurements as of June 30, 2019:

Investment	Fair Value Measurements Using			
	6/30/2019	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Securities	\$ 2,493,474	\$ 2,493,474	\$ -	\$ -
Total	\$ 2,493,474	\$ 2,493,474	\$ -	\$ -

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- General Fund
 Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 33,582,924	\$ 33,582,924	\$ 35,568,665	\$ 1,985,741
Other local taxes	13,907,300	13,907,300	14,964,565	1,057,265
Permits, privilege fees and regulatory licenses	319,250	319,250	364,217	44,967
Fines and forfeitures	880,500	880,500	826,862	(53,638)
Revenue from use of money and property	1,133,161	1,133,161	45,720	(1,087,441)
Charges for services	3,038,948	3,038,948	2,952,197	(86,751)
Miscellaneous	776,540	779,326	652,768	(126,558)
Recovered costs	83,006	83,006	303,854	220,848
Intergovernmental:				
Commonwealth	14,822,110	15,011,916	15,184,123	172,207
Federal	4,896,383	4,896,383	5,200,750	304,367
Total revenues	\$ 73,440,122	\$ 73,632,714	\$ 76,063,721	\$ 2,431,007
Expenditures:				
Current:				
General government administration	\$ 7,629,407	\$ 7,646,793	\$ 7,598,433	\$ 48,360
Judicial administration	3,808,629	3,853,435	3,793,717	59,718
Public safety	23,408,673	23,359,673	22,724,474	635,199
Public works	4,782,087	4,815,087	4,718,981	96,106
Health and welfare	14,604,041	14,589,441	14,068,704	520,737
Education	9,751,326	9,751,326	9,190,686	560,640
Parks, recreation, and cultural	2,042,736	2,042,736	1,916,025	126,711
Community development	776,124	776,124	538,714	237,410
Debt service:				
Principal retirement	1,668,428	1,668,428	3,431,967	(1,763,539)
Interest and other fiscal charges	1,556,087	1,556,087	1,758,355	(202,268)
Bond issuance costs	250,000	250,000	261,903	(11,903)
Nondepartmental	1,680,846	1,807,846	845,624	962,222
Total expenditures	\$ 71,958,384	\$ 72,116,976	\$ 70,847,583	\$ 1,269,393
Excess (deficiency) of revenues over (under) expenditures	\$ 1,481,738	\$ 1,515,738	\$ 5,216,138	\$ 3,700,400
Other financing sources (uses):				
Transfers (out)	\$ (1,481,738)	\$ (1,321,738)	\$ (1,413,355)	\$ (91,617)
Total other financing sources (uses)	\$ (1,481,738)	\$ (1,321,738)	\$ (1,413,355)	\$ (91,617)
Changes in fund balance	\$ -	\$ 194,000	\$ 3,802,783	\$ 3,608,783
Fund balances at beginning of year, as restated	-	(194,000)	15,247,424	15,441,424
Fund balances at end of year	\$ -	\$ -	\$ 19,050,207	\$ 19,050,207

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2018

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

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

Schedule of Employer Contributions - Pension
 Years Ended June 30, 2010 through June 30, 2019

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)
2019	\$ 2,912,650	\$ 2,912,650	\$ -	\$ 24,955,928	11.67%
2018	2,601,279	2,601,279	-	22,168,909	11.73%
2017	2,371,484	2,371,484	-	19,745,912	12.01%
2016	3,708,507	3,708,507	-	24,318,079	15.25%
2015	4,065,367	4,065,367	-	26,986,626	15.25%
2014	3,915,014	3,915,014	-	26,328,270	14.87%
2013	3,853,122	3,853,122	-	25,912,053	14.87%
2012	2,349,174	2,349,174	-	24,938,155	9.42%
2011	2,339,884	2,339,884	-	24,839,537	9.42%
2010	1,833,951	1,833,951	-	25,088,254	7.31%

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

Notes to Required Supplementary Information - Pension
Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of July 1, 2017 through July 1, 2018

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

Valuation Date: 7/1/2017
 Measurement Date: 7/1/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	3.62%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.00% in 2019 and gradually declines to 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018

Schedule of City's Share of Net OPEB Liability
 Group Life Insurance Program
 Measurement Dates Ending June 30, 2017 through June 30, 2018

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)
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 Program
 Years Ended June 30, 2010 through June 30, 2019

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)
2019	\$ 130,338	\$ 130,338	\$ -	\$ 25,064,922	0.52%
2018	116,521	116,521	-	22,407,864	0.52%
2017	109,291	109,291	-	21,017,588	0.52%
2016	131,087	131,087	-	24,733,312	0.53%
2015	143,793	143,793	-	27,130,758	0.53%
2014	139,900	139,900	-	26,396,244	0.53%
2013	137,971	137,971	-	26,032,307	0.53%
2012	109,728	109,728	-	24,938,156	0.44%
2011	109,294	109,294	-	24,839,537	0.44%
2010	90,318	90,318	-	18,802,576	0.48%

Notes to Required Supplementary Information
 Group Life Insurance Program
 Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

ValORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Notes to Required Supplementary Information
 Group Life Insurance Program
 Year Ended June 30, 2019 (Continued)

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Employer's Share of Net LODA OPEB Liability
 Line of Duty Act Program (LODA)
 Measurement Dates Ended June 30, 2017 through June 30, 2018

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)
2018	1.1692% \$	3,666,000	\$ Not Applicable	Not Applicable	0.60%
2017	1.3244%	3,480,000	Not Applicable	Not Applicable	1.30%

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

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Line of Duty Act Program (LODA)
 Years Ended June 30, 2017 through June 30, 2018

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)
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, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Employees in the Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

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

OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds
Combining Balance Sheet
At June 30, 2019

	Special Revenue Funds			Permanent Funds			Total
	Federal and State Projects Fund	Community Development Act Fund	Stormwater Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	
ASSETS							
Cash and cash equivalents	\$ 493,394	\$ 543,183	\$ 2,134,466	\$ 250,071	\$ -	\$ -	\$ 3,421,114
Restricted cash	-	-	-	1,961,749	8,543	2,000	1,972,292
Receivables (Net of allowance for uncollectibles) Accounts	-	-	510,090	-	-	-	510,090
Prepaid items	2,454	-	-	-	-	-	2,454
Due from other funds	-	11,588	-	-	-	-	11,588
Due from other governments	17,878	58,625	-	-	-	-	76,503
Total assets	\$ 513,726	\$ 613,396	\$ 2,644,556	\$ 2,211,820	\$ 8,543	\$ 2,000	\$ 5,994,041
LIABILITIES							
Accounts payable	\$ 164,700	\$ 23,216	\$ 3,391	\$ -	\$ -	\$ -	\$ 191,307
Accrued salaries payable	54,998	788	4,833	-	-	-	60,619
Due to other funds	41,398	-	6,650	250,071	-	-	298,119
Total liabilities	\$ 261,096	\$ 24,004	\$ 14,874	\$ 250,071	\$ -	\$ -	\$ 550,045
FUND BALANCES							
Nonspendable:							
Cemetery Perpetual care	\$ -	\$ -	\$ -	\$ 1,961,749	\$ -	\$ -	\$ 1,961,749
Prepaid items	2,454	-	-	-	-	-	2,454
McKenney scholarships	-	-	-	-	8,543	-	8,543
Library	-	-	-	-	-	2,000	2,000
Restricted:							
Grants	250,176	589,392	-	-	-	-	839,568
Committed:							
Stormwater	-	-	2,629,682	-	-	-	2,629,682
Total fund balances	\$ 252,630	\$ 589,392	\$ 2,629,682	\$ 1,961,749	\$ 8,543	\$ 2,000	\$ 5,443,996
Total liabilities and fund balances	\$ 513,726	\$ 613,396	\$ 2,644,556	\$ 2,211,820	\$ 8,543	\$ 2,000	\$ 5,994,041

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2019

	Special Revenue Funds			Permanent Funds			Total
	Federal and State Projects Fund	Community Development Act Fund	Stormwater Fund	Blandford Cemetery Perpetual Care	Clara J. McKenney Memorial	Library Endowment Fund	
Revenues:							
Revenue from use of money and property	\$ 34	\$ -	\$ 24	\$ 16,295	\$ 3	\$ -	\$ 16,356
Charges for services	-	-	1,384,603	35,475	-	-	1,420,078
Miscellaneous	178,264	-	-	-	-	-	178,264
Recovered costs	23,572	-	-	-	-	-	23,572
Intergovernmental:							
Commonwealth	1,529,299	-	-	-	-	-	1,529,299
Federal	1,507,414	615,138	-	-	-	-	2,122,552
Total revenues	\$ 3,238,583	\$ 615,138	\$ 1,384,627	\$ 51,770	\$ 3	\$ -	\$ 5,290,121
Expenditures:							
Judicial administration	\$ 297,323	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 297,323
Public safety	665,774	-	-	-	-	-	665,774
Public works	2,891,629	-	467,760	-	-	-	3,359,389
Health and welfare	1,251,086	-	-	-	-	-	1,251,086
Parks, recreation and cultural	90,791	-	-	-	-	-	90,791
Community development	63,950	469,979	-	-	-	-	533,929
Debt service:							
Principal retirement	-	-	55,000	-	-	-	55,000
Interest and other fiscal charges	-	-	91,617	-	-	-	91,617
Bond issuance costs	-	-	-	-	-	-	-
Total expenditures	\$ 5,260,553	\$ 469,979	\$ 614,377	\$ -	\$ -	\$ -	\$ 6,344,909
Excess (deficiency) of revenues over (under) expenditures	\$ (2,021,970)	\$ 145,159	\$ 770,250	\$ 51,770	\$ 3	\$ -	\$ (1,054,788)
Other financing sources (uses):							
Transfers in	\$ 48,640	\$ -	\$ 91,617	\$ -	\$ -	\$ -	\$ 140,257
Total other financing sources (uses)	\$ 48,640	\$ -	\$ 91,617	\$ -	\$ -	\$ -	\$ 140,257
Changes in fund balances	\$ (1,973,330)	\$ 145,159	\$ 861,867	\$ 51,770	\$ 3	\$ -	\$ (914,531)
Fund balances at beginning of year	2,225,960	444,233	1,767,815	1,909,979	8,540	2,000	6,358,527
Fund balances at end of year	\$ 252,630	\$ 589,392	\$ 2,629,682	\$ 1,961,749	\$ 8,543	\$ 2,000	\$ 5,443,996

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, 2019

	<u>Federal and State Projects Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 34	\$ 34
Charges for services	-	13,500	-	(13,500)
Miscellaneous	75,950	165,929	178,264	12,335
Recovered costs	38,000	38,000	23,572	(14,428)
Intergovernmental:				
Commonwealth	6,201,968	727,069	1,529,299	802,230
Federal	212,629	220,588	1,507,414	1,286,826
Total revenues	<u>\$ 6,528,547</u>	<u>\$ 1,165,086</u>	<u>\$ 3,238,583</u>	<u>\$ 2,073,497</u>
Expenditures:				
Current:				
Judicial administration	\$ 283,505	\$ 307,618	\$ 297,323	\$ 10,295
Public safety	409,445	723,488	665,774	57,714
Public works	5,834,237	5,841,429	2,891,629	2,949,800
Health and welfare	-	-	1,251,086	(1,251,086)
Parks, recreation and cultural	-	88,828	90,791	(1,963)
Community development	-	86,600	63,950	22,650
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Bond issuance cost	-	-	-	-
Total expenditures	<u>\$ 6,527,187</u>	<u>\$ 7,047,963</u>	<u>\$ 5,260,553</u>	<u>\$ 1,787,410</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,360</u>	<u>\$ (5,882,877)</u>	<u>\$ (2,021,970)</u>	<u>\$ 3,860,907</u>
Other financing sources (uses):				
Transfers in	<u>\$ 48,640</u>	<u>\$ 48,640</u>	<u>\$ 48,640</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 48,640</u>	<u>\$ 48,640</u>	<u>\$ -</u>
Changes in fund balances	\$ 1,360	\$ (5,834,237)	\$ (1,973,330)	\$ 3,860,907
Fund balance at beginning of the year	<u>(1,360)</u>	<u>5,834,237</u>	<u>2,225,960</u>	<u>(3,608,277)</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,630</u>	<u>\$ 252,630</u>

Community Development Act Fund				Stormwater Fund			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24	\$ 24
-	-	-	-	1,460,249	1,460,249	1,384,603	(75,646)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
944,987	1,197,325	615,138	(582,187)	-	-	-	-
<u>\$ 944,987</u>	<u>\$ 1,197,325</u>	<u>\$ 615,138</u>	<u>\$ (582,187)</u>	<u>\$ 1,460,249</u>	<u>\$ 1,460,249</u>	<u>\$ 1,384,627</u>	<u>\$ (75,622)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,327,112	1,327,112	467,760	859,352
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
944,987	1,411,480	469,979	941,501	-	-	-	-
-	-	-	-	12,000	12,000	55,000	(43,000)
-	-	-	-	121,137	121,137	91,617	29,520
-	-	-	-	-	-	-	-
<u>\$ 944,987</u>	<u>\$ 1,411,480</u>	<u>\$ 469,979</u>	<u>\$ 941,501</u>	<u>\$ 1,460,249</u>	<u>\$ 1,460,249</u>	<u>\$ 614,377</u>	<u>\$ 845,872</u>
\$ -	\$ (214,155)	\$ 145,159	\$ 359,314	\$ -	\$ -	\$ 770,250	\$ 770,250
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,617	\$ 91,617
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,617	\$ 91,617
\$ -	\$ (214,155)	\$ 145,159	\$ 359,314	\$ -	\$ -	\$ 861,867	\$ 861,867
-	214,155	444,233	230,078	-	-	1,767,815	1,767,815
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 589,392</u>	<u>\$ 589,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,629,682</u>	<u>\$ 2,629,682</u>

Combining Statement of Fiduciary Net Position - Agency Funds
At June 30, 2019

	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Drug Seizure</u>	<u>Industrial Development Authority</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 65,495	\$ 63,705	\$ 120,647	\$ -	\$ 249,847
Land held for resale	-	-	-	2,500,000	2,500,000
Total assets	<u>\$ 65,495</u>	<u>\$ 63,705</u>	<u>\$ 120,647</u>	<u>\$ 2,500,000</u>	<u>\$ 2,749,847</u>
LIABILITIES					
Amounts held for others	<u>\$ 65,495</u>	<u>\$ 63,705</u>	<u>\$ 120,647</u>	<u>\$ 2,500,000</u>	<u>\$ 2,749,847</u>
Total liabilities	<u>\$ 65,495</u>	<u>\$ 63,705</u>	<u>\$ 120,647</u>	<u>\$ 2,500,000</u>	<u>\$ 2,749,847</u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2019

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 65,641	\$ -	\$ 146	\$ 65,495
Total assets	<u>\$ 65,641</u>	<u>\$ -</u>	<u>\$ 146</u>	<u>\$ 65,495</u>
Liabilities:				
Amounts held for others	\$ 65,641	\$ -	\$ 146	\$ 65,495
Total liabilities	<u>\$ 65,641</u>	<u>\$ -</u>	<u>\$ 146</u>	<u>\$ 65,495</u>
Jail Inmate Fund:				
Assets:				
Cash and cash equivalents	\$ 63,705	\$ -	\$ -	\$ 63,705
Total assets	<u>\$ 63,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,705</u>
Liabilities:				
Amounts held for others	\$ 63,705	\$ -	\$ -	\$ 63,705
Total liabilities	<u>\$ 63,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,705</u>
Industrial Development Authority:				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Land held for resale	2,500,000	-	-	2,500,000
Total assets	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,500,000</u>
Liabilities:				
Amounts held for others	\$ 286,199	\$ 2,213,801	\$ -	\$ 2,500,000
Note payable	2,213,801	-	2,213,801	-
Total liabilities	<u>\$ 2,500,000</u>	<u>\$ 2,213,801</u>	<u>\$ 2,213,801</u>	<u>\$ 2,500,000</u>
Drug Seizure Fund:				
Assets:				
Cash and cash equivalents	\$ 121,119	\$ 69,358	\$ 69,830	\$ 120,647
Total assets	<u>\$ 121,119</u>	<u>\$ 69,358</u>	<u>\$ 69,830</u>	<u>\$ 120,647</u>
Liabilities:				
Amounts held for others	\$ 121,119	\$ 69,358	\$ 69,830	\$ 120,647
Total liabilities	<u>\$ 121,119</u>	<u>\$ 69,358</u>	<u>\$ 69,830</u>	<u>\$ 120,647</u>
Total -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 250,465	\$ 69,358	\$ 69,976	\$ 249,847
Land held for resale	2,500,000	-	-	2,500,000
Total assets	<u>\$ 2,750,465</u>	<u>\$ 69,358</u>	<u>\$ 69,976</u>	<u>\$ 2,749,847</u>
Liabilities:				
Amounts held for others	\$ 536,664	\$ 2,283,159	\$ 69,976	\$ 2,749,847
Note payable	2,213,801	-	2,213,801	-
Total liabilities	<u>\$ 2,750,465</u>	<u>\$ 2,283,159</u>	<u>\$ 2,283,777</u>	<u>\$ 2,749,847</u>

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Supporting Schedules

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Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2019

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 23,132,027	\$ 23,132,027	\$ 23,494,222	\$ 362,195
Real and personal public service corporation property taxes	1,859,439	1,859,439	1,886,786	27,347
Personal property taxes	5,539,421	5,539,421	6,347,879	808,458
Mobile home taxes	14,618	14,618	17,323	2,705
Machinery and tools taxes	2,130,189	2,130,189	2,149,688	19,499
Penalties	438,364	438,364	921,545	483,181
Interest	468,866	468,866	751,222	282,356
Total general property taxes	<u>\$ 33,582,924</u>	<u>\$ 33,582,924</u>	<u>\$ 35,568,665</u>	<u>\$ 1,985,741</u>
Other local taxes:				
Local sales and use taxes	\$ 3,713,060	\$ 3,713,060	\$ 4,068,868	\$ 355,808
Consumer utility taxes	1,810,200	1,810,200	2,013,020	202,820
Business license taxes	2,892,560	2,892,560	2,917,586	25,026
Bank stock taxes	180,000	180,000	241,921	61,921
Motor vehicle licenses	422,000	422,000	330,908	(91,092)
Taxes on recordation and wills	187,980	187,980	343,134	155,154
Cigarette taxes	700,000	700,000	958,869	258,869
Admission and amusement taxes	1,500	1,500	17,339	15,839
Lodging taxes	500,000	500,000	578,420	78,420
Meals taxes	3,500,000	3,500,000	3,494,500	(5,500)
Total other local taxes	<u>\$ 13,907,300</u>	<u>\$ 13,907,300</u>	<u>\$ 14,964,565</u>	<u>\$ 1,057,265</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 2,700	\$ 2,700	\$ 1,499	\$ (1,201)
Other permits and licenses	316,550	316,550	362,718	46,168
Total permits, privilege fees and regulatory licenses	<u>\$ 319,250</u>	<u>\$ 319,250</u>	<u>\$ 364,217</u>	<u>\$ 44,967</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 650,000	\$ 650,000	\$ 447,140	\$ (202,860)
Other fines and forfeitures	230,500	230,500	379,722	149,222
Total fines and forfeitures	<u>\$ 880,500</u>	<u>\$ 880,500</u>	<u>\$ 826,862</u>	<u>\$ (53,638)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 65,717	\$ 65,717
Revenue from use of property	1,133,161	1,133,161	(19,997)	(1,153,158)
Total revenue from use of money and property	<u>\$ 1,133,161</u>	<u>\$ 1,133,161</u>	<u>\$ 45,720</u>	<u>\$ (1,087,441)</u>

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2019 (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	\$ 224,736	\$ 224,736	\$ 150,192	\$ (74,544)
Court costs	158,332	158,332	265,607	107,275
Commonwealth attorney fees	5,600	5,600	5,944	344
Sheriff fees	16,150	16,150	93,515	77,365
Fire protection services	500	500	-	(500)
Other protection	3,000	3,000	5,040	2,040
Sanitation and waste removal	2,360,619	2,360,619	2,217,781	(142,838)
Recreation fees	16,000	16,000	35,207	19,207
Tourism charges	14,000	14,000	86	(13,914)
Treasurer's fees	20,612	20,612	11,760	(8,852)
Other services rendered	181,399	181,399	135,750	(45,649)
Library fees	38,000	38,000	31,315	(6,685)
Total charges for services	<u>\$ 3,038,948</u>	<u>\$ 3,038,948</u>	<u>\$ 2,952,197</u>	<u>\$ (86,751)</u>
Miscellaneous:				
Payment in lieu of tax	\$ 735,000	\$ 735,000	\$ 498,344	\$ (236,656)
Other miscellaneous revenue	41,540	44,326	154,424	110,098
Total miscellaneous	<u>\$ 776,540</u>	<u>\$ 779,326</u>	<u>\$ 652,768</u>	<u>\$ (126,558)</u>
Recovered costs:				
Recoveries and rebates	\$ 33,000	\$ 33,000	\$ 219,222	\$ 186,222
Gasoline and other items	50,006	50,006	84,632	34,626
Total recovered costs	<u>\$ 83,006</u>	<u>\$ 83,006</u>	<u>\$ 303,854</u>	<u>\$ 220,848</u>
Total revenue from local sources	<u>\$ 53,721,629</u>	<u>\$ 53,724,415</u>	<u>\$ 55,678,848</u>	<u>\$ 1,954,433</u>
Intergovernmental:				
Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ -	\$ -	\$ 10,347	\$ 10,347
Tax on deeds	55,000	55,000	13,783	(41,217)
Rolling stock tax	75,000	75,000	151,952	76,952
Auto rental tax	100,000	100,000	106,280	6,280
Communications tax	1,690,000	1,690,000	1,559,750	(130,250)
ABC profits	705	705	-	(705)
PPTRA	2,726,040	2,726,040	2,726,040	-
Total noncategorical aid	<u>\$ 4,646,745</u>	<u>\$ 4,646,745</u>	<u>\$ 4,568,152</u>	<u>\$ (78,593)</u>

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2019 (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):				
Revenue from Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 700,000	\$ 709,806	\$ 747,454	\$ 37,648
Sheriff	612,000	612,000	634,724	22,724
Commissioner of the Revenue	151,244	151,244	147,631	(3,613)
Treasurer	107,098	107,098	99,911	(7,187)
Registrar/electoral board	40,000	40,000	42,668	2,668
Clerk of the Circuit Court	350,000	350,000	349,284	(716)
Total shared expenses	<u>\$ 1,960,342</u>	<u>\$ 1,970,148</u>	<u>\$ 2,021,672</u>	<u>\$ 51,524</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 3,550,037	\$ 3,550,037	\$ 3,343,693	\$ (206,344)
Comprehensive services act grant	1,979,909	1,979,909	2,456,731	476,822
Law enforcement	2,085,000	2,085,000	2,164,576	79,576
Library	151,077	151,077	149,229	(1,848)
VJCCCA grant	84,000	84,000	84,000	-
Other state funds	365,000	545,000	396,070	(148,930)
Total other categorical aid	<u>\$ 8,215,023</u>	<u>\$ 8,395,023</u>	<u>\$ 8,594,299</u>	<u>\$ 199,276</u>
Total categorical aid	<u>\$ 10,175,365</u>	<u>\$ 10,365,171</u>	<u>\$ 10,615,971</u>	<u>\$ 250,800</u>
Total Commonwealth	<u>\$ 14,822,110</u>	<u>\$ 15,011,916</u>	<u>\$ 15,184,123</u>	<u>\$ 172,207</u>
Federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 4,896,383	\$ 4,896,383	\$ 5,199,167	\$ 302,784
Other federal grants	-	-	1,583	1,583
Total federal government	<u>\$ 4,896,383</u>	<u>\$ 4,896,383</u>	<u>\$ 5,200,750</u>	<u>\$ 304,367</u>
Total General Fund	<u><u>\$ 73,440,122</u></u>	<u><u>\$ 73,632,714</u></u>	<u><u>\$ 76,063,721</u></u>	<u><u>\$ 2,431,007</u></u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 160,180	\$ 160,180
Miscellaneous:				
Expenditure refund	\$ -	\$ -	\$ 170	\$ 170
Poor Creek force main replacement	-	1,750,000	-	(1,750,000)
Lock's water line replacement	-	2,160,000	-	(2,160,000)
Water and sewer projects	-	1,950,000	-	(1,950,000)
Other projects	-	1,119,000	25,000	(1,094,000)
Total miscellaneous	<u>\$ -</u>	<u>\$ 6,979,000</u>	<u>\$ 25,170</u>	<u>\$ (6,953,830)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 6,979,000</u>	<u>\$ 185,350</u>	<u>\$ (6,793,650)</u>

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2019 (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)				
Total Capital Projects Fund	\$ -	\$ 6,979,000	\$ 185,350	\$ (6,793,650)
Special Revenue Funds:				
Federal and State Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 34	\$ 34
Charges for services:				
Law library fees	-	13,500	-	(13,500)
Miscellaneous:				
Miscellaneous	\$ 75,950	\$ 165,929	\$ 178,264	\$ 12,335
Recovered costs:				
Rebates and recoveries	38,000	38,000	23,572	(14,428)
Total revenue from local sources	\$ 113,950	\$ 217,429	\$ 201,870	\$ (15,559)
Intergovernmental:				
Commonwealth:				
Other categorical aid:				
Street grants	\$ 5,808,287	\$ 7,192	\$ 948,230	\$ 941,038
Victim witness grants	70,876	73,529	54,152	(19,377)
PETRG	322,805	322,805	308,273	(14,532)
Fire 4 for life	-	5,360	25,535	20,175
Fire program grant	-	212,757	112,215	(100,542)
Asset forfeiture - police	-	85,251	39,637	(45,614)
RSAF grant	-	-	14,220	14,220
Other state revenue	-	20,175	27,037	6,862
Total Commonwealth	\$ 6,201,968	\$ 727,069	\$ 1,529,299	\$ 802,230
Federal government:				
Categorical aid:				
DMV select enforcement	\$ -	\$ -	\$ 75,499	\$ 75,499
Other federal grants	212,629	220,588	1,431,915	1,211,327
Total Federal Government	\$ 212,629	\$ 220,588	\$ 1,507,414	\$ 1,286,826
Total Federal and State Projects Fund	\$ 6,528,547	\$ 1,165,086	\$ 3,238,583	\$ 2,073,497

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Community Development Act Fund:				
Intergovernmental:				
Commonwealth:				
Other categorical aid:				
Federal government:				
Categorical aid:				
Community development block grant	\$ 944,987	\$ 1,197,325	\$ 615,138	\$ (582,187)
Total Federal Government	\$ 944,987	\$ 1,197,325	\$ 615,138	\$ (582,187)
Total Community Development Act Fund	\$ 944,987	\$ 1,197,325	\$ 615,138	\$ (582,187)
Stormwater Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 24	\$ 24
Charges for services:				
Stormwater charges	1,460,249	1,460,249	1,384,603	(75,646)
Total Stormwater Fund	\$ 1,460,249	\$ 1,460,249	\$ 1,384,627	\$ (75,622)
Blandford Cemetery Perpetual Care Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 16,295	\$ 16,295
Total revenue from use of money and property	\$ -	\$ -	\$ 16,295	\$ 16,295
Charges for services:				
Sale of lots	\$ -	\$ -	\$ 35,475	\$ 35,475
Total charges for services	\$ -	\$ -	\$ 35,475	\$ 35,475
Total Blandford Cemetery Perpetual Care Fund	\$ -	\$ -	\$ 51,770	\$ 51,770
Clara J. McKenney Memorial Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 3	\$ 3
Total revenue from use of money and property	\$ -	\$ -	\$ 3	\$ 3
Total Clara J. McKenney Memorial Fund	\$ -	\$ -	\$ 3	\$ 3
Total Nonmajor Funds	\$ 8,933,783	\$ 3,822,660	\$ 5,290,121	\$ 1,467,461
Total Primary Government	\$ 82,373,905	\$ 84,434,374	\$ 81,539,192	\$ (2,895,182)

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2019

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	\$ 310,097	\$ 310,097	\$ 236,080	\$ 74,017
General and financial administration:				
City Manager	\$ 421,145	\$ 421,145	\$ 498,681	\$ (77,536)
Legal services	414,966	414,966	304,738	110,228
Personnel	410,963	410,963	277,620	133,343
Commissioner of the Revenue	368,357	368,357	349,748	18,609
Assessor	506,965	506,965	477,899	29,066
Treasurer	199,599	199,599	238,917	(39,318)
Finance Director	816,232	816,232	861,879	(45,647)
Information systems	1,009,971	1,012,757	1,080,363	(67,606)
Central garage - motor vehicle repair	-	-	9,476	(9,476)
Billing and collections	397,719	397,719	737,232	(339,513)
Insurance - financial	2,347,306	2,347,306	2,118,765	228,541
Virginia Institute of Government	55,000	69,600	69,605	(5)
Total general and financial administration	\$ 6,948,223	\$ 6,965,609	\$ 7,024,923	\$ (59,314)
Board of Elections:				
Electoral board and officials	\$ -	\$ -	\$ 380	\$ (380)
Registrar	371,087	371,087	337,050	34,037
Total board of elections	\$ 371,087	\$ 371,087	\$ 337,430	\$ 33,657
Total general government administration	\$ 7,629,407	\$ 7,646,793	\$ 7,598,433	\$ 48,360
Judicial administration:				
Courts:				
Circuit court	\$ 96,414	\$ 96,414	\$ 91,537	\$ 4,877
General district court	40,800	75,800	77,046	(1,246)
Magistrates	43,318	43,318	31,547	11,771
District J & D relations court	7,750	7,750	1,403	6,347
Clerk of the Circuit Court	708,881	708,881	682,996	25,885
Juvenile court services	212,522	212,522	190,856	21,666
Sheriff	1,563,584	1,563,584	1,625,034	(61,450)
Total courts	\$ 2,673,269	\$ 2,708,269	\$ 2,700,419	\$ 7,850
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,135,360	\$ 1,145,166	\$ 1,093,298	\$ 51,868
Total judicial administration	\$ 3,808,629	\$ 3,853,435	\$ 3,793,717	\$ 59,718
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 9,030,611	\$ 8,980,156	\$ 7,798,360	\$ 1,181,796
Emergency communications	2,063,822	2,068,822	1,694,922	373,900
Code compliance	798,488	798,488	690,571	107,917
Criminal justice academy	45,000	40,000	16,376	23,624
Total law enforcement and traffic control	\$ 11,937,921	\$ 11,887,466	\$ 10,200,229	\$ 1,687,237
Fire and rescue services:				
Fire department	\$ 7,175,976	\$ 7,175,976	\$ 6,799,403	\$ 376,573
Total fire and rescue services	\$ 7,175,976	\$ 7,175,976	\$ 6,799,403	\$ 376,573

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2019 (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	\$ 3,455,481	\$ 3,455,481	\$ 4,931,294	\$ (1,475,813)
11th District Court services	96,588	96,588	86,962	9,626
Juvenile detention home	440,454	440,454	432,619	7,835
Total correction and detention	<u>\$ 3,992,523</u>	<u>\$ 3,992,523</u>	<u>\$ 5,450,875</u>	<u>\$ (1,458,352)</u>
Other protection:				
Animal control	\$ 302,253	\$ 303,708	\$ 273,967	\$ 29,741
Total other protection	<u>\$ 302,253</u>	<u>\$ 303,708</u>	<u>\$ 273,967</u>	<u>\$ 29,741</u>
Total public safety	<u>\$ 23,408,673</u>	<u>\$ 23,359,673</u>	<u>\$ 22,724,474</u>	<u>\$ 635,199</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering	\$ 370,031	\$ 370,031	\$ 154,524	\$ 215,507
Public works	-	-	203,762	(203,762)
Total highways, streets, bridges and sidewalks	<u>\$ 370,031</u>	<u>\$ 370,031</u>	<u>\$ 358,286</u>	<u>\$ 11,745</u>
Sanitation and waste removal:				
Refuse collection	\$ 1,600,000	\$ 1,600,000	\$ 1,339,139	\$ 260,861
Total sanitation and waste removal	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,339,139</u>	<u>\$ 260,861</u>
Maintenance of general buildings and grounds:				
Building maintenance	\$ 2,776,608	\$ 2,809,608	\$ 2,985,130	\$ (175,522)
Cemeteries maintenance	35,448	35,448	36,426	(978)
Total maintenance of general buildings and grounds	<u>\$ 2,812,056</u>	<u>\$ 2,845,056</u>	<u>\$ 3,021,556</u>	<u>\$ (176,500)</u>
Total public works	<u>\$ 4,782,087</u>	<u>\$ 4,815,087</u>	<u>\$ 4,718,981</u>	<u>\$ 96,106</u>
Health and welfare:				
Health:				
Health department	\$ 695,476	\$ 695,476	\$ 693,075	\$ 2,401
Total health	<u>\$ 695,476</u>	<u>\$ 695,476</u>	<u>\$ 693,075</u>	<u>\$ 2,401</u>
Welfare:				
Social services	\$ 9,596,091	\$ 9,596,091	\$ 8,744,093	\$ 851,998
Comprehensive services	3,695,372	3,695,372	4,093,929	(398,557)
Mental health services	209,185	209,185	209,185	-
Legal aid	405,992	391,392	328,422	62,970
Crater District Area Agency on Aging	1,925	1,925	-	1,925
Total welfare	<u>\$ 13,908,565</u>	<u>\$ 13,893,965</u>	<u>\$ 13,375,629</u>	<u>\$ 518,336</u>
Total health and welfare	<u>\$ 14,604,041</u>	<u>\$ 14,589,441</u>	<u>\$ 14,068,704</u>	<u>\$ 520,737</u>

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Education:				
Contributions to community colleges	\$ 5,350	\$ 5,350	\$ 5,300	\$ 50
Contributions to Component Unit - School Board	9,745,976	9,745,976	9,185,386	560,590
Total education	<u>\$ 9,751,326</u>	<u>\$ 9,751,326</u>	<u>\$ 9,190,686</u>	<u>\$ 560,640</u>
Parks, recreation and cultural:				
Parks and recreation:				
Parks and leisure services	\$ 880,979	\$ 880,979	\$ 762,352	\$ 118,627
Cultural:				
Library	\$ 1,072,140	\$ 1,072,140	\$ 1,049,985	\$ 22,155
Museum and visitor services	89,617	89,617	103,688	(14,071)
Total cultural	<u>\$ 1,161,757</u>	<u>\$ 1,161,757</u>	<u>\$ 1,153,673</u>	<u>\$ 8,084</u>
Total parks, recreation and cultural	<u>\$ 2,042,736</u>	<u>\$ 2,042,736</u>	<u>\$ 1,916,025</u>	<u>\$ 126,711</u>
Community development:				
Planning and community development:				
Planning	\$ 466,886	\$ 466,886	\$ 302,339	\$ 164,547
Economic development	250,993	250,993	185,538	65,455
Tourist promotion program	-	-	837	(837)
Cooperative extension program	53,845	53,845	50,000	3,845
Contributions to other community organizations	4,400	4,400	-	4,400
Total planning and community development	<u>\$ 776,124</u>	<u>\$ 776,124</u>	<u>\$ 538,714</u>	<u>\$ 237,410</u>
Total community development	<u>\$ 776,124</u>	<u>\$ 776,124</u>	<u>\$ 538,714</u>	<u>\$ 237,410</u>
Nondepartmental:				
Other nondepartmental	\$ 1,015,800	\$ 1,177,800	\$ 217,071	\$ 960,729
Contingencies - other	665,046	630,046	628,553	1,493
Total nondepartmental	<u>\$ 1,680,846</u>	<u>\$ 1,807,846</u>	<u>\$ 845,624</u>	<u>\$ 962,222</u>
Debt service:				
Principal retirement	\$ 1,668,428	\$ 1,668,428	\$ 3,431,967	\$ (1,763,539)
Interest and fiscal charges	1,556,087	1,556,087	1,758,355	(202,268)
Bond issuance cost	250,000	250,000	261,903	(11,903)
Total debt service	<u>\$ 3,474,515</u>	<u>\$ 3,474,515</u>	<u>\$ 5,452,225</u>	<u>\$ (1,977,710)</u>
Total General Fund	<u>\$ 71,958,384</u>	<u>\$ 72,116,976</u>	<u>\$ 70,847,583</u>	<u>\$ 1,269,393</u>
Capital Projects Fund:				
Capital outlays / projects:				
General government administration:				
Payroll time and attendance system	\$ -	\$ -	\$ 170	\$ (170)
Total general government administration	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170</u>	<u>\$ (170)</u>

Governmental Funds
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Fund: (Continued)				
Public works:				
Hustings Court clock tower	\$ -	\$ 39,395	\$ 199,516	\$ (160,121)
Southside depot restoration	-	320,000	67,572	252,428
Public Utilities	-	7,098,000	-	7,098,000
Other	-	160,000	-	160,000
Total public works	\$ -	\$ 7,617,395	\$ 267,088	\$ 7,350,307
Debt service:				
Principal retirement	\$ -	\$ -	\$ 670,000	\$ (670,000)
Total debt service	\$ -	\$ -	\$ 670,000	\$ (670,000)
Total Capital Projects Fund	\$ -	\$ 7,617,395	\$ 937,258	\$ 6,680,137
Special Revenue Funds:				
Federal and State Projects Fund:				
Judicial administration:				
Courts:				
Victim witness	\$ 283,505	\$ 294,118	\$ 287,302	\$ 6,816
Law library	-	13,500	10,021	3,479
Total judicial administration	\$ 283,505	\$ 307,618	\$ 297,323	\$ 10,295
Public Safety:				
Law Enforcement and Traffic Control:				
Community corrections	\$ 409,445	\$ 409,445	\$ 359,187	\$ 50,258
Fire program	-	212,757	179,351	33,406
Fire LEMPG Grant	-	10,675	8,552	2,123
DMV selective enforcement	-	-	64,179	(64,179)
Forfeited assets	-	85,251	50,705	34,546
Other contractual services	-	5,360	3,800	1,560
Total public safety	\$ 409,445	\$ 723,488	\$ 665,774	\$ 57,714
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets	\$ 5,834,237	\$ 5,841,429	\$ 2,891,629	\$ 2,949,800
Total public works	\$ 5,834,237	\$ 5,841,429	\$ 2,891,629	\$ 2,949,800

Governmental Funds
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Special Revenue Funds: (Continued)				
Federal and State Projects Fund: (Continued)				
Health and welfare:				
Afro-American adoption grant	\$ -	\$ -	\$ 1,500	\$ (1,500)
Workforce investment act pass-through	-	-	1,249,586	(1,249,586)
Total health and welfare	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,251,086</u>	<u>\$ (1,251,086)</u>
Parks, recreation and cultural:				
VA Foundation for healthy youth	\$ -	\$ 29,828	\$ 24,040	\$ 5,788
Office on youth	50,000	50,000	62,251	(12,251)
Commission for the Arts	-	9,000	4,500	4,500
Total parks, recreation and cultural	<u>\$ 50,000</u>	<u>\$ 88,828</u>	<u>\$ 90,791</u>	<u>\$ (1,963)</u>
Community Development:				
Cameron - Jarratt house	\$ -	\$ 81,600	\$ 58,950	\$ 22,650
Business ready sites	-	5,000	5,000	-
Total community development	<u>\$ -</u>	<u>\$ 86,600</u>	<u>\$ 63,950</u>	<u>\$ 22,650</u>
Total Federal and State Projects Fund	<u>\$ 6,577,187</u>	<u>\$ 7,047,963</u>	<u>\$ 5,260,553</u>	<u>\$ 1,787,410</u>
Community Development Act Fund:				
Community Development:				
Other community development expenditures	\$ 944,987	\$ 1,411,480	\$ 469,979	\$ 941,501
Total community development	<u>\$ 944,987</u>	<u>\$ 1,411,480</u>	<u>\$ 469,979</u>	<u>\$ 941,501</u>
Total Community Development Act Fund	<u>\$ 944,987</u>	<u>\$ 1,411,480</u>	<u>\$ 469,979</u>	<u>\$ 941,501</u>
Stormwater Fund:				
Public works:				
Sanitation and waste removal:				
Stormwater management program	\$ 1,327,112	\$ 1,327,112	\$ 467,760	\$ 859,352
Debt service:				
Principal retirement	\$ 12,000	\$ 12,000	\$ 55,000	\$ (43,000)
Interest and fiscal charges	121,137	121,137	91,617	29,520
Total debt service	<u>\$ 133,137</u>	<u>\$ 133,137</u>	<u>\$ 146,617</u>	<u>\$ (13,480)</u>
Total Stormwater Fund	<u>\$ 1,460,249</u>	<u>\$ 1,460,249</u>	<u>\$ 614,377</u>	<u>\$ 845,872</u>
Total Nonmajor Funds	<u>\$ 8,982,423</u>	<u>\$ 9,919,692</u>	<u>\$ 6,344,909</u>	<u>\$ 3,574,783</u>
Total Primary Government	<u>\$ 80,940,807</u>	<u>\$ 89,654,063</u>	<u>\$ 78,129,750</u>	<u>\$ 11,524,313</u>

Statistical Tables

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

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

CITY OF PETERSBURG, VIRGINIA

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:				
Net investment in capital assets	\$ 17,879,326	\$ 15,534,169	\$ 23,120,077	\$ 18,479,417
Restricted	1,894,824	4,459,923	8,371,649	8,699,721
Unrestricted	19,403,458	19,465,464	4,144,437	1,133,991
Total governmental activities	<u>\$ 39,177,608</u>	<u>\$ 39,459,556</u>	<u>\$ 35,636,163</u>	<u>\$ 28,313,129</u>
Business-type activities:				
Net investment in capital assets	\$ 37,420,508	\$ 38,529,251	\$ 41,540,929	\$ 40,518,560
Restricted	3,861,693	3,049,996	2,198,555	1,334,606
Unrestricted	(5,648,711)	(7,843,351)	(2,045,948)	(2,029,523)
Total business-type activities	<u>\$ 35,633,490</u>	<u>\$ 33,735,896</u>	<u>\$ 41,693,536</u>	<u>\$ 39,823,643</u>
Primary government				
Net investment in capital assets	\$ 55,299,834	\$ 54,063,420	\$ 64,661,006	\$ 58,997,977
Restricted	5,756,517	7,509,919	10,570,204	10,034,327
Unrestricted	13,754,747	11,622,113	2,098,489	(895,532)
Total primary government	<u>\$ 74,811,098</u>	<u>\$ 73,195,452</u>	<u>\$ 77,329,699</u>	<u>\$ 68,136,772</u>

Table 1

	2014	2015	2016	2017	2018	2019
\$	22,461,507	\$ 20,896,406	\$ 20,071,779	\$ 20,234,034	\$ 12,518,336	\$ 13,583,894
	3,149,244	3,011,799	4,275,250	5,064,216	4,590,712	2,811,860
	7,091,332	(18,593,137)	(20,842,395)	(9,320,682)	887,135	13,404,941
\$	<u>32,702,083</u>	<u>5,315,068</u>	<u>3,504,634</u>	<u>15,977,568</u>	<u>17,996,183</u>	<u>29,800,695</u>
\$	41,072,153	\$ 39,271,737	\$ 38,557,116	\$ 37,552,117	\$ 36,152,082	\$ 36,135,036
	465,941	489,434	489,434	491,191	496,007	492,559
	(1,368,263)	(4,270,209)	(7,542,983)	(5,953,216)	(4,806,833)	(3,770,607)
\$	<u>40,169,831</u>	<u>35,490,962</u>	<u>31,503,567</u>	<u>32,090,092</u>	<u>31,841,256</u>	<u>32,856,988</u>
\$	63,533,660	\$ 60,168,143	\$ 58,628,895	\$ 57,786,151	\$ 48,670,418	\$ 49,718,930
	3,615,185	3,501,233	4,764,684	5,555,407	5,086,719	3,304,419
	5,723,069	(22,863,346)	(28,385,378)	(15,273,898)	(3,919,698)	9,634,334
\$	<u>72,871,914</u>	<u>40,806,030</u>	<u>35,008,201</u>	<u>48,067,660</u>	<u>49,837,439</u>	<u>62,657,683</u>

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

	2010	2010	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
General government administration	\$ 3,953,282	\$ 3,953,282	\$ 4,689,240	\$ 5,024,964	\$ 6,124,429	\$ 7,085,421	\$ 7,000,032	\$ 6,987,157	\$ 7,927,159	\$ 6,885,622
Judicial administration	2,170,832	2,170,832	2,166,314	2,329,886	2,409,720	2,392,925	2,324,844	2,424,147	3,856,067	3,782,333
Public safety	29,031,529	29,031,529	31,073,384	29,534,876	27,624,108	26,840,786	23,666,410	18,589,827	22,841,419	20,266,142
Public works	13,225,076	13,225,076	15,391,709	13,624,539	12,902,451	12,992,788	11,605,106	7,303,967	8,384,942	8,127,569
Health and welfare	14,887,566	14,887,566	13,193,886	12,472,778	13,358,082	13,703,670	13,488,320	13,891,867	14,560,418	14,495,922
Education	11,160,050	11,160,050	9,157,346	11,476,574	10,289,525	12,048,813	11,673,961	8,775,894	9,624,056	9,503,706
Parks, recreation, and cultural	2,443,712	2,443,712	2,547,419	7,557,488	2,819,867	2,445,593	2,216,162	1,642,337	2,160,173	2,001,456
Community development	3,607,676	3,607,676	3,304,525	3,277,237	3,855,151	6,152,338	6,286,581	6,324,991	3,806,619	522,584
Interest and other fiscal charges	1,590,337	1,590,337	1,127,482	1,228,991	1,016,546	1,541,463	1,648,599	1,768,995	2,217,670	2,129,755
Total governmental activities expenses	\$ 82,070,060	\$ 82,070,060	\$ 82,651,305	\$ 86,527,333	\$ 80,399,879	\$ 85,203,797	\$ 79,910,015	\$ 67,709,182	\$ 75,378,523	\$ 67,715,089
Business-type activities:										
Public Utility	\$ 9,127,023	\$ 9,127,023	\$ 9,292,960	\$ 9,490,563	\$ 9,095,733	\$ 10,141,929	\$ 10,248,093	\$ 10,639,774	\$ 12,441,601	\$ 12,141,089
Mass transit	3,545,881	3,545,881	4,442,057	4,233,740	4,343,710	4,429,192	5,133,570	4,359,362	4,606,470	4,561,067
Golf Course	1,182,589	1,182,589	1,151,540	1,110,021	1,203,286	1,256,939	1,186,181	969,240	1,036,387	1,080,225
Total business-type activities expenses	\$ 13,855,493	\$ 13,855,493	\$ 14,886,557	\$ 14,834,324	\$ 14,642,729	\$ 15,828,060	\$ 16,567,844	\$ 15,968,376	\$ 18,084,458	\$ 17,782,381
Total primary government expenses	\$ 95,925,553	\$ 95,925,553	\$ 97,537,862	\$ 101,361,657	\$ 95,042,608	\$ 101,031,857	\$ 96,477,859	\$ 83,677,558	\$ 93,462,981	\$ 85,497,470
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	\$ -	\$ -	\$ -	\$ 350,714	\$ 228,416	\$ 177,548	\$ 108,845	\$ 390,688	\$ 363,981	\$ 147,510
Judicial administration	860,011	860,011	1,000,340	615,372	680,649	562,613	458,825	929,815	1,082,849	1,098,413
Public safety	461,872	461,872	619,311	461,406	536,074	723,770	973,578	725,906	602,947	612,964
Public works	1,878,941	1,878,941	1,581,645	2,125,662	3,042,325	3,155,209	3,394,087	4,116,778	3,893,878	3,637,859
Health and welfare	-	-	-	-	6,665	-	-	-	-	-
Parks, recreation, and cultural	101,789	101,789	82,202	98,246	80,473	144,757	91,383	86,805	49,001	66,522
Community development	32,105	32,105	35,081	307,123	209,969	473,614	18,999	12,123	-	86
Operating grants and contributions:										
General government administration	302,633	302,633	305,189	291,559	305,503	299,039	335,426	302,173	289,748	290,210
Judicial administration	964,332	964,332	993,434	962,643	1,051,708	1,183,964	1,271,503	1,047,600	1,174,451	1,180,738
Public safety	8,143,893	8,143,893	7,504,260	7,096,135	7,682,641	7,280,645	4,722,327	3,885,072	5,471,648	4,673,680
Public works	4,565,451	4,565,451	4,907,577	5,001,123	5,167,493	5,400,118	6,887,122	3,683,938	1,329,953	1,484,487
Health and welfare	11,128,359	11,128,359	9,757,395	8,845,264	9,667,570	9,704,194	10,212,459	10,617,628	10,264,868	11,075,090
Education	-	-	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	195,188	195,188	141,719	274,093	145,774	145,622	181,506	148,257	114,812	149,229
Community development	534,970	534,970	505,493	1,081,150	850,812	444,873	438,227	852,535	446,356	615,138
Capital grants and contributions:										
Public works	2,082,199	2,082,199	763,981	1,014,283	6,312,018	3,154	26,804	-	-	-
Education	3,000,000	3,000,000	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	90,000	90,000	-	-	-	-	-	-	-	-
Community development	-	-	-	-	19,920	-	-	-	-	-
Total governmental activities program revenues	\$ 34,341,743	\$ 34,341,743	\$ 28,197,627	\$ 28,524,773	\$ 35,988,010	\$ 29,699,120	\$ 29,121,091	\$ 26,799,318	\$ 25,084,492	\$ 25,031,926

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program revenues: (Continued)										
Business-type activities:										
Charges for services:										
Public Utility	\$ 9,419,189	\$ 9,419,189	\$ 9,539,367	\$ 9,130,177	\$ 9,107,233	\$ 8,758,140	\$ 7,180,519	\$ 12,334,213	\$ 13,055,145	\$ 14,620,549
Mass Transit	413,822	413,822	474,125	536,463	528,470	579,124	617,774	990,242	749,775	674,059
Golf course	599,448	599,448	683,792	709,000	701,000	694,111	693,901	703,735	660,498	657,094
Operating grants and contributions:										
Mass Transit	971,920	971,920	1,089,908	1,403,671	1,768,821	3,144,068	2,091,584	2,194,278	1,486,068	1,561,230
Capital grants and contributions										
Public Utility	-	-	558,422	-	-	-	-	-	-	-
Mass Transit	2,315,371	2,315,371	1,156,832	376,333	2,003,498	158,355	784,525	18,616	-	-
Total business-type activities program revenues										
	\$ 13,719,750	\$ 13,719,750	\$ 13,502,446	\$ 12,155,644	\$ 14,109,022	\$ 13,333,798	\$ 11,368,303	\$ 16,241,084	\$ 15,951,486	\$ 17,512,932
Total primary government program revenues										
	\$ 48,061,493	\$ 48,061,493	\$ 41,700,073	\$ 40,680,417	\$ 50,097,032	\$ 43,032,918	\$ 40,489,394	\$ 43,040,402	\$ 41,035,978	\$ 42,544,858
Net (expense) / revenue										
Governmental activities	\$ (47,728,317)	\$ (47,728,317)	\$ (54,453,678)	\$ (58,002,560)	\$ (44,411,869)	\$ (55,504,677)	\$ (50,788,924)	\$ (40,909,864)	\$ (50,294,031)	\$ (42,683,163)
Business-type activities	(135,743)	(135,743)	(1,384,111)	(2,678,680)	(533,707)	(2,494,262)	(5,199,541)	272,708	(2,132,972)	(269,449)
Total primary government net expense										
	\$ (47,864,060)	\$ (47,864,060)	\$ (55,837,789)	\$ (60,681,240)	\$ (44,945,576)	\$ (57,998,939)	\$ (55,988,465)	\$ (40,637,156)	\$ (52,427,003)	\$ (42,952,612)
General Revenues and Other Change in Net Position										
Governmental activities:										
General property taxes	\$ 35,991,155	\$ 35,991,155	\$ 34,093,970	\$ 33,726,929	\$ 34,394,416	\$ 33,418,636	\$ 31,963,589	\$ 34,862,878	\$ 36,240,761	\$ 35,340,387
Local sales and use taxes	3,396,411	3,396,411	3,755,828	3,738,656	3,530,101	3,715,835	3,528,238	3,663,381	3,870,538	4,068,868
Consumer utility taxes	1,678,216	1,678,216	1,658,993	1,761,728	1,638,787	1,715,224	1,918,122	1,758,638	1,635,049	2,013,020
Business license taxes	2,553,424	2,553,424	2,931,183	2,876,387	2,727,728	2,797,490	2,659,030	2,912,639	3,026,524	2,917,586
Motor Vehicle license taxes	491,904	491,904	511,083	502,714	487,391	420,192	389,349	372,125	534,372	330,908
Lodging taxes	375,201	375,201	294,194	273,899	268,575	256,522	320,486	436,032	541,498	578,420
Meals tax	1,361,103	1,361,103	1,559,147	2,211,886	2,423,433	2,571,793	2,948,184	2,843,808	3,421,414	3,494,500
Other local taxes	664,274	664,274	571,077	566,682	618,970	602,467	578,287	1,499,793	1,543,672	1,561,263
Unrestricted revenues from use of money and property										
Miscellaneous	367,179	367,179	383,397	397,947	487,382	231,452	490,012	253,178	1,172,336	222,256
Grants and contributions not restricted to specific programs	348,002	348,002	472,304	1,285,606	861,739	1,104,557	640,843	368,291	1,703,883	856,202
Gain/(Loss) on sale of assets	4,867,141	4,867,141	4,761,896	4,835,521	4,936,135	4,828,315	4,749,525	5,129,284	4,579,424	4,568,152
Transfers (net)	(143,830)	(143,830)	(499,618)	(802,736)	(878,560)	-	(1,207,175)	(717,248)	(1,408,020)	(1,273,098)
Total governmental activities										
	\$ 51,950,180	\$ 51,950,180	\$ 50,493,454	\$ 51,375,219	\$ 51,496,097	\$ 51,662,483	\$ 48,978,490	\$ 53,382,799	\$ 56,861,451	\$ 54,678,464
Business-type activities:										
Unrestricted revenues from use of money and property										
Transfers	\$ 163,271	\$ 163,271	\$ -	\$ 6,051	\$ 1,335	\$ 1,181	\$ 4,971	\$ 3,362	\$ 7,596	\$ 12,083
Total business-type activities										
	\$ 163,271	\$ 163,271	\$ -	\$ 6,051	\$ 1,335	\$ 1,181	\$ 4,971	\$ 3,362	\$ 7,596	\$ 12,083
Total primary government										
	\$ 52,257,281	\$ 52,257,281	\$ 50,993,072	\$ 52,184,006	\$ 52,375,992	\$ 51,663,664	\$ 50,190,636	\$ 54,103,409	\$ 58,277,067	\$ 55,963,645
Change in Net Position										
Governmental activities	\$ 4,221,863	\$ 4,221,863	\$ (3,960,224)	\$ (6,627,341)	\$ 7,084,228	\$ (3,842,194)	\$ (1,810,434)	\$ 12,472,935	\$ 6,567,420	\$ 11,995,301
Business-type activities	171,358	171,358	(884,493)	(1,869,893)	346,188	(2,493,081)	(3,987,395)	993,318	(717,356)	1,015,732
Total primary government										
	\$ 4,393,221	\$ 4,393,221	\$ (4,844,717)	\$ (8,497,234)	\$ 7,430,416	\$ (6,335,275)	\$ (5,797,829)	\$ 13,466,253	\$ 5,850,064	\$ 13,011,033

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
2010	\$ 35,991,155	\$ 3,396,411	\$ 1,678,216	\$ 2,553,424	\$ 491,904	\$ 375,201	\$ 1,361,103	\$ 664,273	\$ 46,511,687
2011	34,691,569	3,667,579	1,691,546	2,489,284	493,869	340,894	1,376,528	627,076	45,378,345
2012	34,093,970	3,755,828	1,658,993	2,931,183	511,083	294,194	1,559,147	571,077	45,375,475
2013	33,726,929	3,738,656	1,761,728	2,876,387	502,714	273,899	2,211,886	566,682	45,658,881
2014	34,394,416	3,530,101	1,638,787	2,727,728	487,391	268,575	2,423,433	618,970	46,089,401
2015	33,418,636	3,715,835	1,715,224	2,797,490	420,192	256,522	2,571,793	602,467	45,498,159
2016	31,963,589	3,528,238	1,918,122	2,659,030	389,349	320,486	2,948,184	578,287	44,305,285
2017	34,862,878	3,663,381	1,758,638	2,912,639	372,125	436,032	2,843,808	1,499,793	48,349,294
2018	36,240,761	3,870,538	1,635,049	3,026,524	534,372	541,498	3,421,414	1,543,672	50,813,828
2019	35,340,387	4,068,868	2,013,020	2,917,586	330,908	578,420	3,494,500	1,561,263	50,304,952

CITY OF PETERSBURG, VIRGINIA

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

	2010	2011	2012	2013	2014
General fund					
Nonspendable:					
Inventory and land held for resale	\$ -	\$ 5,015,776	\$ 4,891,455	\$ 5,234,818	\$ 6,001,237
Interfund loans	-	8,225,957	250,071	250,071	250,071
Prepaid items	-	-	-	-	-
Restricted:					
Debt service	-	2,631,120	3,080,364	3,509,985	3,969,947
Grants	-	-	172,560	172,560	-
Committed:					
General government	-	-	-	102,786	-
Public safety	-	-	-	125,780	-
Public works	-	-	-	28,422	-
Parks, recreation and cultural	-	-	-	10,299	-
Community development	-	-	-	12,901	-
Land acquisition	-	225,000	-	-	-
Rives Road widening	-	10,000	-	-	-
Walnut Hill Elementary School	-	121,000	-	-	-
Employee bonuses	-	750,000	-	-	-
Petersburg Public School Operations Center	-	100,000	-	-	-
Health and welfare	-	63,000	-	-	-
Assigned:					
General government	-	3,658	-	-	-
Police Department	-	75,190	-	-	-
Fire Department	-	8,080	-	-	-
Jail	-	23,595	-	-	-
Engineering	-	14,080	-	-	-
Street maintenance	-	459,944	-	-	-
Building maintenance	-	44,800	-	-	-
Library	-	2,710	-	-	-
Tourism	-	1,828	-	-	-
Other purposes	-	4,525	-	-	-
Unassigned	-	6,402,849	4,615,214	1,725,979	174,507
Reserved:					
Inventory	4,990,308	-	-	-	-
Encumbrances	-	-	-	-	-
Unreserved, undesignated	15,403,526	-	-	-	-
Total general fund	<u>\$ 20,393,834</u>	<u>\$ 24,183,112</u>	<u>\$ 13,009,664</u>	<u>\$ 11,173,601</u>	<u>\$ 10,395,762</u>
All other governmental funds					
Nonspendable:					
Interfund loans - capital projects	\$ -	\$ 279,781	\$ 279,781	\$ -	\$ -
Cemetery Perpetual care and library	-	1,828,803	1,773,666	1,760,833	1,819,336
Prepaid items	-	-	-	-	7,019
McKenney scholarships	-	19,001	19,009	19,014	19,017
Restricted:					
Grants	-	448,435	462,609	293,342	1,310,891
Capital projects	-	-	2,863,440	2,943,987	2,695,274
Committed:					
Stormwater	-	-	-	-	-
Assigned to:					
LT Run Watershed Study - stream restoration	-	638,400	-	-	-
Centre Hill drainage improvement	-	57,518	-	-	-
Passenger train station	-	164,000	-	-	-
Prince George PPEA project	-	499,540	-	-	-
Poor Creek Pump Station	-	2,368,980	-	-	-
Health Department	-	335,575	-	-	-
School projects	-	22,130	-	-	-
Other purposes	-	1,215,436	-	-	-
Reserved:					
Capital projects	3,989,903	-	-	-	-
Special revenue funds	277,931	-	-	-	-
Permanent funds	1,894,824	-	-	-	-
Unreserved, reported in:					
Non-major:					
Special revenue funds (deficit)	342,777	-	-	-	-
Total all other governmental funds	<u>\$ 6,505,435</u>	<u>\$ 7,877,599</u>	<u>\$ 5,398,505</u>	<u>\$ 5,017,176</u>	<u>\$ 5,851,537</u>
Total fund balances	<u>\$ 26,899,269</u>	<u>\$ 32,060,711</u>	<u>\$ 18,408,169</u>	<u>\$ 16,190,777</u>	<u>\$ 16,247,299</u>

The City implemented GASB 54 in FY 11 and has elected not to reclassify fund balance amounts for the previous five fiscal years.

CITY OF PETERSBURG, VIRGINIA

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

	2010	2011	2012	2013	2014
Revenues:					
General property taxes	\$ 34,703,935	\$ 34,039,946	\$ 33,388,519	\$ 33,787,723	\$ 33,299,800
Other local taxes	12,445,767	12,602,485	11,281,505	11,931,952	11,694,985
Permits, privilege fees and regulatory licenses	483,718	426,106	559,870	589,836	570,939
Fines and forfeitures	684,907	673,606	786,925	784,879	714,870
Revenue from use of money and property	367,179	346,203	383,397	397,947	487,382
Charges for services	2,166,093	1,980,201	1,971,784	2,583,808	3,498,762
Miscellaneous	3,838,002	3,928,274	472,304	1,285,606	861,739
Recovered costs	315,212	638,918	35,966	1,153,960	1,189,699
Intergovernmental:					
Commonwealth	23,278,884	21,417,443	23,474,260	23,044,851	23,487,926
Federal	7,180,048	6,567,302	6,166,684	6,356,920	6,444,971
Total revenues	\$ 85,463,745	\$ 82,620,484	\$ 78,521,214	\$ 81,917,482	\$ 82,251,073
Expenditures:					
General government administration	\$ 3,826,456	\$ 4,098,854	\$ 4,623,610	\$ 5,754,005	\$ 7,163,426
Judicial administration	1,973,393	1,967,127	1,942,608	2,179,386	2,491,818
Public safety	27,441,826	28,443,133	29,063,421	28,748,274	27,484,115
Public works	11,689,667	10,264,734	13,148,715	11,822,628	11,417,788
Health and welfare	14,668,974	14,086,084	13,035,375	12,077,260	12,943,794
Education	10,474,051	13,016,373	10,270,452	12,464,698	10,858,309
Parks, recreation, and cultural	2,431,519	2,470,427	2,366,214	7,711,017	2,968,898
Community development	3,574,257	3,497,736	3,422,572	3,210,767	3,845,518
Nondepartmental	1,149,019	1,247,187	1,968,166	1,583,016	1,740,834
Debt service:					
Principal retirement	6,270,000	5,998,607	3,520,535	4,422,975	2,350,820
Interest and other fiscal charges	2,400,439	1,337,602	1,108,836	1,309,349	1,306,617
Total expenditures	\$ 85,899,601	\$ 86,427,864	\$ 84,470,504	\$ 91,283,375	\$ 84,571,937
Excess (deficiency) of revenues over expenditures	\$ (435,856)	\$ (3,807,380)	\$ (5,949,290)	\$ (9,365,893)	\$ (2,320,864)
Other financing sources (uses):					
Transfers in	\$ 178,538	\$ 451,234	\$ 493,471	\$ 1,291,148	\$ 870,061
Transfers (out)	(322,368)	(704,170)	(993,090)	(2,093,885)	(1,748,621)
Proceeds from capital leases	62,106	379,650	165,000	1,030,747	691,910
Sale of assets	350,000	-	-	-	-
Issuance of debt	8,560,000	396,000	1,530,000	5,000,000	2,330,000
Premium(discount) on debt issued	3,035	-	-	-	234,035
Proceeds from refunding bonds	-	2,686,689	-	3,751,828	-
Payment to refunded bond escrow agent	-	(2,596,254)	-	(1,831,338)	-
Total other financing sources (uses)	\$ 8,831,311	\$ 613,149	\$ 1,195,381	\$ 7,148,500	\$ 2,377,385
Net changes in fund balances	\$ 8,395,455	\$ (3,194,231)	\$ (4,753,909)	\$ (2,217,393)	\$ 56,521
Debt service as a percentage of noncapital expenditures	11.06%	8.77%	5.89%	6.63%	4.58%

Table 5

	2015	2016	2017	2018	2019
\$	32,558,767	\$ 34,495,560	\$ 33,735,254	\$ 33,025,417	\$ 35,568,665
	12,079,523	12,341,696	13,486,416	14,573,067	14,964,565
	686,551	496,899	545,099	272,177	364,217
	765,358	407,471	765,982	774,641	826,862
	231,452	489,754	253,178	1,172,336	222,256
	3,785,602	4,141,347	4,951,034	4,945,838	4,372,275
	1,104,557	641,101	368,291	1,703,883	856,202
	312,402	416,380	906,066	353,329	327,426
	23,548,977	22,492,191	19,273,814	17,443,094	16,713,422
	5,740,947	6,332,708	6,392,673	6,228,166	7,323,302
\$	<u>80,814,136</u>	<u>\$ 82,255,107</u>	<u>\$ 80,677,807</u>	<u>\$ 80,491,948</u>	<u>\$ 81,539,192</u>
\$	7,524,695	\$ 7,442,109	\$ 6,993,994	\$ 8,262,762	\$ 7,598,603
	2,463,424	2,382,411	2,605,677	3,917,266	4,091,040
	27,606,870	23,060,160	19,146,589	26,317,824	23,390,248
	10,981,210	12,285,985	6,368,696	8,414,780	8,345,458
	13,680,829	13,319,206	13,281,272	14,710,607	15,319,790
	12,162,407	12,071,503	8,969,881	8,992,665	9,190,686
	2,410,228	2,155,546	1,429,786	2,005,047	2,006,816
	6,173,516	6,177,866	5,999,339	1,583,268	1,072,643
	1,499,907	1,316,723	2,660,937	1,056,598	845,624
	1,274,446	4,741,043	4,681,403	16,330,767	4,156,967
	2,603,645	1,715,407	1,803,387	2,889,705	2,111,875
\$	<u>88,381,177</u>	<u>\$ 86,667,959</u>	<u>\$ 73,940,961</u>	<u>\$ 94,481,289</u>	<u>\$ 78,129,750</u>
\$	<u>(7,567,041)</u>	<u>\$ (4,412,852)</u>	<u>\$ 6,736,846</u>	<u>\$ (13,989,341)</u>	<u>\$ 3,409,442</u>
\$	235,078	\$ 719,040	\$ -	\$ 238,330	\$ 140,257
	(235,078)	(1,926,215)	(717,248)	(1,646,350)	(1,413,355)
	703,067	-	-	-	-
	-	-	-	-	-
	7,292,000	3,000,000	-	-	-
	789,515	-	-	(259,580)	-
	-	-	-	27,205,000	-
	-	-	-	(5,925,555)	-
\$	<u>8,784,582</u>	<u>\$ 1,792,825</u>	<u>\$ (717,248)</u>	<u>\$ 19,611,845</u>	<u>\$ (1,273,098)</u>
\$	<u>1,217,541</u>	<u>\$ (2,620,027)</u>	<u>\$ 6,019,598</u>	<u>\$ 5,622,504</u>	<u>\$ 2,136,344</u>
	<u>4.49%</u>	<u>7.81%</u>	<u>9.01%</u>	<u>21.29%</u>	<u>8.24%</u>

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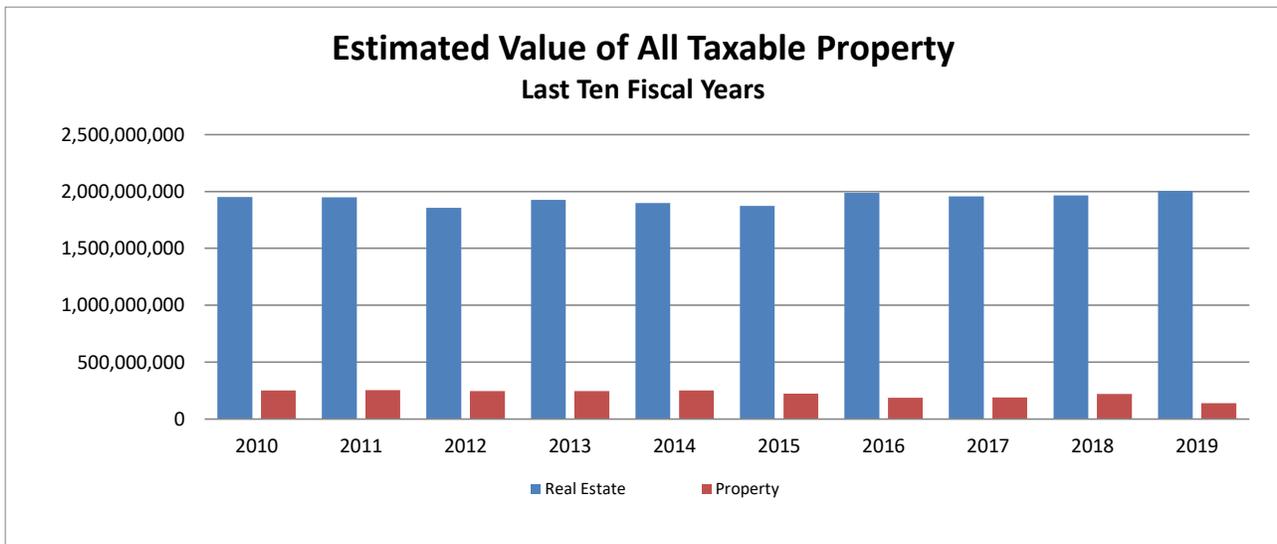
Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	Business License Taxes	Motor Vehicle License Taxes	Lodging Taxes	Meals Taxes	Other Local Taxes	Total
2010	\$ 34,703,935	\$ 3,396,411	\$ 1,678,216	\$ 2,553,424	\$ 491,904	\$ 375,201	\$ 1,361,103	\$ 664,274	\$ 47,149,702
2011	34,039,946	3,667,579	1,691,546	2,489,284	493,869	340,894	1,376,528	627,076	46,642,431
2012	33,388,519	3,755,828	1,658,993	2,931,183	511,083	294,194	1,559,147	571,077	44,670,024
2013	33,787,723	3,738,656	1,761,728	2,876,387	502,714	273,899	2,211,886	566,682	45,719,675
2014	33,299,800	3,530,101	1,638,787	2,727,728	487,391	268,575	2,423,433	618,970	44,994,785
2015	32,558,767	3,715,835	1,715,224	2,797,490	420,192	256,522	2,571,793	602,467	44,638,290
2016	34,495,560	3,528,238	1,918,122	2,659,030	389,349	320,486	2,948,184	578,287	46,837,256
2017	33,735,254	3,663,381	1,758,638	2,912,639	372,125	436,032	2,843,808	1,499,793	47,221,670
2018	33,025,417	3,870,538	1,635,049	3,026,524	534,372	541,498	3,421,414	1,543,672	47,598,484
2019	35,568,665	4,068,868	2,013,020	2,917,586	330,908	578,420	3,494,500	1,561,263	50,533,230

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)
2010	\$ 1,951,398,974	\$ 252,407,922	\$ 2,203,806,896	\$ 1.56
2011	1,947,667,364	254,240,653	2,201,908,017	1.55
2012	1,857,317,235	246,651,794	2,103,969,029	1.55
2013	1,926,214,795	246,783,150	2,172,997,945	1.53
2014	1,897,715,161	251,007,184	2,148,722,345	1.54
2015	1,873,395,296	223,450,973	2,096,846,269	1.51
2016	1,987,471,782	187,871,989	2,175,343,771	1.46
2017	1,956,730,916	190,415,656	2,147,146,572	1.50
2018	1,965,756,426	220,607,725	2,186,364,151	1.53
2019	2,004,000,624	138,219,693	2,142,220,317	1.42

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)
2010	\$ 1.35	\$ 4.40	\$ 3.80	\$ 1.35	1.56
2011	1.35	4.40	3.80	1.35	1.55
2012	1.35	4.40	3.80	1.35	1.55
2013	1.35	4.40	3.80	1.35	1.53
2014	1.35	4.40	3.80	1.35	1.54
2015	1.35	4.40	3.80	1.35	1.51
2016	1.35	4.40	3.80	1.35	1.46
2017	1.35	4.90	3.80	1.35	1.50
2018	1.35	4.90	3.80	1.35	1.53
2019	1.35	4.90	3.80	1.35	1.42

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
Current Year and Nine Years Ago

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

Source: Commissioner of the Revenue

Table 9

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

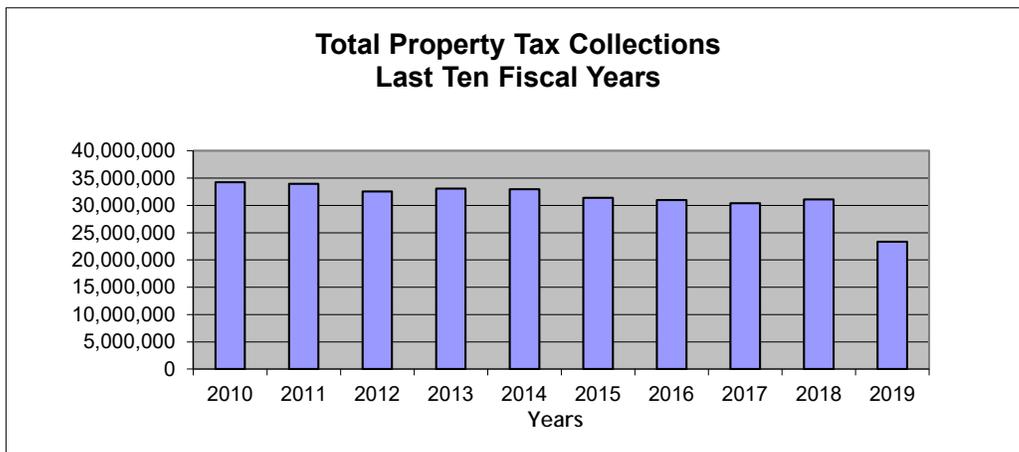
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Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Tax Collections		As Percent of Current Levy	Outstanding Delinquent At End of Fiscal Year (2)	As Percent of Current Levy
				Delinquent Computed Amount	Total Amount			
2010	\$ 34,297,170	\$ 32,267,620	94.08%	\$ 1,967,712	\$ 34,235,332	99.82%	\$ 61,838	0.18%
2011	34,058,168	31,830,367	93.46%	2,125,586	33,955,953	99.70%	102,215	0.30%
2012	32,693,624	30,092,517	92.04%	2,481,901	32,574,418	99.64%	119,206	0.36%
2013	33,280,733	31,079,168	93.38%	2,015,022	33,094,190	99.44%	186,543	0.56%
2014	33,169,073	30,643,027	92.38%	2,343,306	32,986,333	99.45%	182,740	0.55%
2015	31,769,767	30,122,272	94.81%	1,236,198	31,358,470	98.71%	411,297	1.29%
2016	31,753,778	30,451,031	95.90%	538,212	30,989,243	97.59%	764,535	2.41%
2017	32,108,130	29,588,251	92.15%	804,815	30,393,066	94.66%	1,715,064	5.34%
2018	33,529,282	25,222,970	75.23%	5,892,554	31,115,524	92.80%	2,413,758	7.20%
2019	30,428,938	23,330,091	76.67%	-	23,330,091	76.67%	7,085,941	23.29%

(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					
	General Obligation Bonds (3)	Stormwater Revenue Bonds	State Literary Loans	Capital Leases	Notes Payable	School Qualified Zone Academy Bonds
2010	\$ 25,667,417	\$ -	\$ 4,725,000	\$ 1,292,389	\$ 6,761,672	\$ 6,795,695
2011	24,538,328	-	4,300,000	1,320,235	3,155,393	6,795,695
2012	23,940,398	-	3,875,000	1,098,460	2,574,563	6,795,695
2013	27,807,281	-	3,450,000	1,788,320	1,971,081	6,795,695
2014	29,432,511	-	3,025,000	1,883,854	1,346,407	6,795,695
2015	33,873,564	-	2,600,000	2,707,695	694,935	8,795,695
2016	32,676,492	2,575,863	2,175,000	1,958,003	-	7,395,695
2017	30,712,204	1,946,532	1,750,000	1,280,219	-	6,410,695
2018	41,027,152	2,230,000	200,000	626,789	-	6,210,695
2019	39,532,494	2,175,000	150,000	247,460	-	3,868,528

(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

<u>Business-Type Activities</u>					
<u>General Obligation Bonds (3)</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Population (1)</u>	<u>Percentage of Personal Income (2)</u>	<u>Net Obligations per Capita</u>
\$ 6,097,584	\$ 395,649	\$ 51,735,406	32,399	N/A	1,597
5,707,673	281,978	46,099,302	32,420	N/A	1,422
5,310,603	247,334	43,842,053	32,948	N/A	1,331
5,031,261	155,832	46,999,470	33,112	N/A	1,419
5,333,060	4,321,572	52,138,099	33,112	N/A	1,575
12,650,371	5,276,761	66,599,021	32,421	N/A	2,054
12,426,745	5,058,898	64,266,696	32,421	N/A	1,982
12,036,009	4,772,740	58,908,399	32,420	N/A	1,817
11,745,632	4,476,931	66,517,199	31,746	N/A	2,095
11,444,359	4,246,701	61,664,542	31,430	N/A	1,962

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
2010	32,399	\$ 2,203,806,896	31,765,001	31,765,001	1.44%	\$ 980
2011	32,420	2,201,908,017	30,246,001	30,246,001	1.37%	933
2012	32,948	2,103,969,029	29,251,001	29,251,001	1.39%	888
2013	33,112	2,172,997,945	32,838,542	32,838,542	1.51%	992
2014	33,112	2,148,722,345	34,765,571	34,765,571	1.62%	1,050
2015	32,421	2,096,846,269	46,523,935	46,523,935	2.22%	1,435
2016	32,421	2,175,343,771	45,103,237	45,103,237	2.07%	1,391
2017	32,420	2,147,146,572	42,748,213	42,748,213	1.99%	1,319
2018	31,746	2,186,364,151	52,772,784	52,772,784	2.41%	1,662
2019	31,430	2,142,220,317	50,976,853	50,976,853	2.38%	1,622

(1) United States Census

(2) From Table 7

Computation of Direct and Overlapping Bonded Debt and Legal Debt Margin
Fiscal Year Ended June 30, 2019

	<u>Total Direct Debt (1)</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
City of Petersburg	\$ 45,973,482	100%	\$ 45,973,482
Total assessed value of real estate			\$ <u>1,956,730,916</u>
10% legal debt limit			\$ <u><u>195,673,092</u></u>

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

General Obligation Bonds	\$ 39,532,494
Stormwater Revenue Bonds	2,175,000
State Literary Fund Loans	150,000
Capital leases	247,460
School Qualified Zone Academy Bonds	<u>3,868,528</u>
 Total	 \$ <u><u>45,973,482</u></u>

The City of Petersburg has no overlapping debt.

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

Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenues and Other Charges	Less: Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
Public Utility Fund:							
2010	\$ 9,419,189	\$ 7,564,587	\$ 1,854,602	\$ 763,349	\$ 116,092	\$ 879,441	2.11
2011	8,125,447	6,827,933	1,297,514	351,353	88,617	439,970	2.95
2012	9,539,367	7,764,599	1,774,768	378,836	69,882	448,718	3.96
2013	9,136,228	7,975,742	1,160,486	352,804	42,689	395,493	2.93
2014	9,108,568	7,497,926	1,610,642	119,539	35,715	155,254	10.37
2015	8,759,321	8,216,426	542,895	122,433	31,147	153,580	3.53
2016	7,180,524	9,854,218	(2,673,694)	126,810	324,367	451,177	-5.93
2017	12,334,213	10,147,800	2,186,413	570,136	491,974	1,062,110	2.06
2018	13,055,145	11,881,873	1,173,272	1,185,690	414,704	1,600,394	0.73
2019	14,620,549	11,691,077	2,929,472	425,230	450,012	875,242	3.35
Golf Course Fund:							
2010	\$ 599,448	\$ 911,324	(311,876)	-	169,802	169,802	-1.84
2011	565,626	872,469	(306,843)	59,859	194,507	254,366	-1.21
2012	683,792	898,701	(214,909)	63,000	190,595	253,595	-0.85
2013	709,000	858,007	(149,007)	64,750	187,372	252,122	-0.59
2014	701,000	930,327	(229,327)	68,250	201,053	269,303	-0.85
2015	694,111	978,731	(284,620)	88,257	201,813	290,070	-0.98
2016	693,901	999,056	(305,155)	96,816	204,472	301,288	-1.01
2017	703,735	771,228	(67,493)	106,758	198,012	304,770	-0.22
2018	660,498	835,713	(175,215)	106,758	240,496	347,254	-0.50
2019	657,094	896,847	(239,753)	106,273	183,378	289,651	-0.83

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

<u>Fiscal Year</u>	<u>Registered Voters</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>	<u>Population (1)</u>
2010	20,649	4,374	12.04%	32,399
2011	20,785	4,278	11.80%	32,420
2012	22,513	4,121	10.10%	32,948
2013	22,508	4,478	10.70%	33,112
2014	21,477	4,557	10.20%	33,112
2015	21,185	4,318	9.30%	32,421
2016	22,693	4,231	7.60%	32,421
2017	21,758	3,863	6.70%	32,420
2018	22,609	4,213	6.10%	31,746
2019	21,477	4,213	5.80%	31,430

Census Statistics

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

(1) Weldon Cooper Center for Public Service.

Major Private Employers
Fiscal Year Ended June 30, 2018

Company	Description of Business	Approximate Employment	
		Current	Percentage of Total City Employment
Southside Regional Medical Center	Hospital medical services	1000+	7.19%
Amsted Rail Company, Inc.	Roller bearings	250-499	2.52%
Horizon Mental Health Management, Inc.	Medical services	250-499	2.52%
Wal-Mart	Retail sales	250-499	2.52%
Quality Plus Service	Engineering/Construction	250-499	2.52%
Beverly Home Care	Medical services	100-249	1.08%
Virginia Linen	Linen processing	100-249	1.08%
District 19 Mental Health and Retardation Services	Medical services	100-249	1.08%
Rehabilitation Hospital, Inc	Medical services	100-249	1.08%
McDonald's	Food Services	100-249	1.32%

Source: Virginia Employment Commission-LMI-Labor Market Information

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

People who live and work in the area	2,598
In-commuters	10,400
Total City employment	<u>12,998</u>
In-commuters	<u>7,786</u>
Total City employment	<u><u>20,784</u></u>

Data for the previous ninth year is unavailable at publication.

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

<u>Function</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City:										
Salaried	772	789	770	773	770	608	351	497	649	631
Part-time temporary	299	332	320	322	300	229	154	119	93	99
Public safety										
Police protection	160	160	160	160	166	152	92	104	125	108
Fire protection	97	97	100	98	98	98	65	75	80	78
Jail facilities	88	88	94	94	95	95	0	0	0	0
School Board										
Administrative personnel	37.5	33.5	37	37	37	37	37	43	48	49
Instructional personnel	557	529.5	617	617	617	617	592	564	460	531
All other personnel	173.5	167.5	183	183	183	183	164	144	154	135
Totals *	<u>1,839</u>	<u>1,852</u>	<u>1,927</u>	<u>1,932</u>	<u>1,907</u>	<u>1,674</u>	<u>1,298</u>	<u>1,367</u>	<u>1,404</u>	<u>1,445</u>

Source: Human Resources and School Board

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

CITY OF PETERSBURG, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years

	2010	2011	2012	2013	2014
Police protection:					
Law violations	n/a	n/a	n/a	6,776	6,165
Traffic violations	n/a	11,011	11,194	8,390	6,429
Arrests reported:					
Adults	n/a	2,679	3,727	3,194	2,626
Juveniles	n/a	105	111	95	77
Calls for service	n/a	70,564	70,892	37,572	44,550
Jail facility inmates:					
Jail	202	184	140	191	178
Jail annex	227	30	25	26	30
Riverside Regional	124	132	115	86	100
Community Development:					
Building permits:					
Number issued	1,021	925	1,084	904	865
Valuation	\$ 38,289,390	\$ 60,225,074	\$ 30,400,872	38,993,367	16,068,316
Public Utilities:					
Number of active consumers	11,247	11,165	11,165	11,388	12,297
Water purchased (annually)-gallons	1.750 billion	1.900 billion	1.800 billion	1.73 billion	1.6 billion

n/a = not available at publication

Source: Individual City departments

Table 18

2015	2016	2017	2018	2019
6,022	6,027	6,215	7,431	7,966
6,005	5,762	5,904	13,116	9,375
2,252	2,088	1,911	3,176	3,471
45	23	75	79	66
49,485	47,561	47,961	53,406	48,289
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
771	208	716	557	471
31,578,787	13,906,675	28,853,709	16,093,502	18,974,495
12,297	11,896	11,986	11,503	11,560
1.6 billion	1.8 billion	1.72 billion	1.80 billion	1.74 billion

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire protection:										
Number of stations	4	4	4	4	3	3	4	4	4	4
Public works:										
Streets and sidewalks:										
Streets - primary - miles	107	107	107	107	107	107	107	104	104	104
Streets - secondary - miles	281	281	281	281	281	281	281	291	291	291
Sidewalks - miles	72	72	72	72	72	72	72	72	72	72
Street lights	3,090	3,090	3,090	3,090	3,335	3,335	3,335	3,540	3,560	3,560
Traffic signals:										
Signalized intersections	57	57	58	58	62	62	47	47	47	47
Lights	1,430	1,430	1,450	1,450	1,450	1,450	1,330	1,330	1,330	1,330
Heads	467	467	464	464	464	464	455	455	455	455
Curbs	39	39	39	39	39	39	39	39	39	39
School signals (flashing lights)	11	11	18	18	18	18	18	20	19	19
Other signals (flashing lights)	4	4	7	7	7	7	7	7	7	7
Caution flashing lights	17	17	14	14	14	14	14	0	0	0
Pedestrian signals	54	54	112	112	112	112	112	112	112	112
Sewers:										
Storm - miles	19	19	19	19	19	19	19	19	19	140
Sanitary - miles	191	191	211	211	211	211	211	211	211	211
Wastewater Pump Stations										18
Public Utilities:										
Water mains - miles	254	254	275	275	275	275	275	260	260	225
Number of hydrants	1,230	1,230	1,378	1,378	1,378	1,378	1,375	1,378	1,378	1,500
Water pump stations										2
Ground level water storage tanks:										
5.6 million gallons	1	1	1	1	1	1	1	1	1	1
1.3 million gallons	1	1	1	1	1	1	1	1	1	1
Elevated water storage tanks:										
.5 million gallons	1	1	1	1	1	1	1	1	1	1
1.0 million gallons	2	2	2	2	2	2	2	2	2	2
1.9 million gallons	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Parks and recreation:										
Fishing and picnic area (350 acres)	1	1	1	1	1	1	2	2	2	2
Downtown (12.3 acres)	1	1	1	1	1	1	1	1	1	1
Playground (52.8 acres)	12	12	12	12	12	12	12	12	12	12
Golf course	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	1	1	1	1	1	1	1	1
Tennis courts (lighted)	14	14	14	14	14	14	9	9	9	9
Recreation centers	3	3	3	3	3	3	1	1	1	1
Ballfields	4	4	4	4	4	4	4	4	4	4
Sports complex	1	1	1	1	1	1	1	1	1	1
Education:										
Schools:										
Senior high school grades 9-12	1	1	1	1	1	1	1	1	1	1
Junior high school grade 8	1	1	1	1	1	1	1	1	1	1
Middle school grades 6-7	1	1	1	1	1	1	1	1	1	1
Elementary schools K-5	4	4	4	4	4	4	4	4	4	4
Early childhood center	1	1	1	1	1	1	1	1	1	1

Source: Individual City departments



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, Virginia as of and for the year ended June 30, 2019, 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 17, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Petersburg, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Petersburg, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses (2019-001, 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, 2019-007, 2019-008, 2019-009, 2019-010, 2019-011, 2019-012, 2019-013, 2019-014, 2019-015, 2019-016).

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 determination of financial statement amounts. 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 2019-017, 2019-018, 2019-019.

City of Petersburg, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

July 17, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Petersburg, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Petersburg, Virginia's major federal programs for the year ended June 30, 2019. City of Petersburg, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Petersburg, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Petersburg, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Workforce Investment Act Cluster and Adoption Assistance Cluster

As described in the accompanying schedule of findings and questioned costs, the City of Petersburg, Virginia did not comply with requirements regarding CFDA 17.258/17.259/17.278 Workforce Investment Act Cluster and CFDA 93.659 Adoption Assistance Cluster as described in finding numbers 2019-020 and 2019-021 for subrecipient monitoring and eligibility costs. Compliance with such requirements is necessary, in our opinion, for the City of Petersburg, Virginia to comply with the requirements applicable to that program.

Qualified Opinion on Workforce Investment Act Cluster and Adoption Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Petersburg, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Workforce Investment Act Cluster and Adoption Assistance Cluster for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Petersburg, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

Other Matters

City of Petersburg, Virginia's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Petersburg, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-020 and 2019-021 to be material weaknesses.

Report on Internal Control Over Compliance (continued)

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

City of Petersburg, Virginia's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Petersburg, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

July 17, 2020

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Schedule of Expenditures of Federal Awards - Primary Government and Discretely Presented Component Unit
Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
PRIMARY GOVERNMENT:				
<u>DEPARTMENT OF AGRICULTURE:</u>				
<u>Pass through payments:</u>				
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110	\$ -	\$ 894,984
<u>DEPARTMENT OF TRANSPORTATION:</u>				
<u>Direct payments:</u>				
Federal Transit Cluster:				
Federal Transit - Formula Grants	20.507	N/A	-	\$ 584,301
<u>Pass through payments:</u>				
Division of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	Unknown	\$ -	\$ 75,499
Total Department of Transportation			\$ -	\$ 659,800
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
<u>Pass through payments:</u>				
Department of Housing and Community Development:				
Community Development Block Grants / States Program and Non-entitlements Grants in Hawaii	14.228	53505-49380	\$ -	\$ 615,138
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
<u>Pass through payments:</u>				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950110	\$ -	\$ 25,852
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	0400111	-	795,469
Refugee and Entrant Assistance-State Administered Programs	93.566	0500111	-	943
Low-Income Home Energy Assistance	93.568	0600411	-	118,164
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	-	130,782
Adoption and Legal Guardianship Incentive Payments	93.603	1130116	-	1,668
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110	-	895
Foster Care-Title IV-E	93.658	1100111	-	718,268
Adoption Assistance	93.659	1120111	-	745,679
Social Services Block Grant	93.667	1000111	-	659,312
Chafee Foster Care Independence Program	93.674	9150110	-	4,931
Children's Health Insurance Program	93.767	0540111	-	20,243
Medicaid Cluster:				
Medical Assistance Program	93.778	1200111	-	1,010,948
Total Department of Health and Human Services			\$ -	\$ 4,233,154

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2019 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>DEPARTMENT OF JUSTICE:</u>				
<u>Pass through payments:</u>				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	39001-46000	\$ -	\$ 173,777
Public Safety Partnership and Community Policing Grants	16.710	Unknown		<u>1,583</u>
Total Department of Justice			<u>\$ -</u>	<u>\$ 175,360</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>				
<u>Pass through payments:</u>				
Virginia Department of Emergency Management:				
Emergency Management Performance Grants	97.042	Unknown		<u>\$ 8,552</u>
<u>DEPARTMENT OF LABOR:</u>				
<u>Pass through payments:</u>				
Virginia Community College System:				
WIOA Cluster:				
WIOA Adult Program	17.258	LWA 15-16-03 & LWA 15-15-03	\$ 432,552	\$ 432,552
WIOA Youth Activities	17.259	LWA 15-16-03 & LWA 15-15-03	433,758	433,758
WIOA Dislocated Worker Formula Grants	17.278	LWA 15-16-03 & LWA 15-15-03	<u>383,276</u>	<u>383,276</u>
Total Department of Labor/WIOA Cluster			<u>\$ 1,249,586</u>	<u>\$ 1,249,586</u>
Total Primary Government			<u>\$ 1,249,586</u>	<u>\$ 7,836,574</u>

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2019 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
COMPONENT UNIT-SCHOOL BOARD:				
DEPARTMENT OF AGRICULTURE:				
<u>Pass through payments:</u>				
Child Nutrition Cluster:				
Department of Agriculture and Consumer Services:				
Food Distribution	10.555	Unknown	\$ -	\$ 164,164
Department of Education:				
National School Lunch Program	10.555	17901-40623	\$ -	1,538,836 \$ 1,703,000
School Breakfast Program	10.553	17901-40591	-	812,100
Summer Food Service Program for Children	10.559	Unknown	-	78,961
Total Child Nutrition Cluster			\$ -	\$ 2,594,061
Fresh Fruit and Vegetable Program	10.582	17901-40599	-	153,425
Total Department of Agriculture			\$ -	\$ 2,747,486
DEPARTMENT OF DEFENSE:				
<u>Direct payments:</u>				
ROTC Instruction	12.000	N/A	\$ -	\$ 46,449
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Pass through payments:</u>				
City of Richmond, Virginia:				
Head Start	93.600	Unknown	\$ -	\$ 1,062,424
DEPARTMENT OF EDUCATION:				
<u>Pass through payments:</u>				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ -	\$ 3,348,851
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	17901-43071	\$ -	\$ 938,959
Special Education - Preschool Grants	84.173	17901-62521	-	27,050
Total Special Education Cluster			\$ -	\$ 966,009
Preschool Development Grants	84.419	S419B150010	-	939,043
Career and Technical Education - Basic Grants to States	84.048	17901-61095	-	151,029
Education for Homeless Children and Youth	84.196	Unknown	-	17,487
Twenty-first Century Community Learning Centers	84.287	17901-60565	-	21,265
School Improvement Grants	84.377	17901-43040	-	360,452
English Language Acquisition State Grants	84.365	17901-60512	-	16,745
Supporting Effective Instruction State Grant	84.367	17901-61480	-	374,109
Student Support and Academic Enrichment Program	84.424	17901-61480	-	248,661
Total Department of Education			\$ -	\$ 6,443,651
Total Component Unit School Board			\$ -	\$ 10,300,010
Total Expenditures of Federal Awards			\$ 1,249,586	\$ 18,136,584

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, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant award of the City of Petersburg, Virginia under programs of the federal government for the year ended June 30, 2018. 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	\$ 5,200,750
Special funding from Social Services not related to expenditures	(71,029)
Nonmajor governmental funds	2,122,552
Mass Transit Fund	584,301
Component Unit:	
School Board	<u>10,300,010</u>
Total federal expenditures per basic financial statements	<u>\$ 18,136,584</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 18,136,584</u></u>

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITORS RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.027/84.173	Special Education Cluster
84.419	Preschool Development Grants
93.600	Head Start
93.659	Adoption Assistance
17.258/17.259/17.278	WIOA Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2019-001 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 who was reconciling 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: This is a function that falls under the Treasurer’s Office. Although the Office of Billing and Collections was created in November of 2017, during the transition, reconciliation remained a function of the Treasurer’s Office. Although the Council passed an Ordinance “19-ORD-23” on May 7, 2019 to transfer this function to the Collector of taxes, this effort was halted based on legal action taken by the Treasurer to prevent transfer of the functions. The decision was made based on the inability of the Treasurer’s Office to complete this task. During the interim, the City sought a memorandum of understanding with the Office of the Treasurer to assume responsibility of this function and executed a MOU on July 14, 2020. Billing and Collections has been provided BAI processes to ensure that the Utility Billing Subsidiary System reconciles to the General Ledger, reference BAI Document UT6008 and UT600.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

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

Criteria: After the initial billing process has been completed and prior to the utility bills being finalized, sufficient edit checks should be run to minimize the amount of billing errors.

Condition: During FY19, utility bills were processed whereby material adjustments were needed to correct the initial billings.

Cause: Sufficient edit checks were not generated prior to the utility bills being finalized, which may have prevented the material errors.

Effect: This caused utility billing efforts to be delayed and bills were processed with substantial errors.

Recommendation:

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

Management Response:

We Do Not Concur: Prior to the establishment in November 2017 of the Office of Billing and Collections the Utility Billing staff procedure was established that resulted in them executing a minimum of two edit reports prior to the mailing of customer bills. The first report was generated upon initial upload of field reading in the system. The second would occur prior to posting payments to residential accounts.

Since the transition to the new Office of Billing and Collections, staff has been able to address the root cause via a field audit of the system and verified the correct rate codes were updated in the system. In April 2018, the Technology Department corrected errors in over 130 accounts that made up the majority of the errors found. The Office of Billing and Collections has been provided BAI process to ensure that the Utility Billing Errors and Insufficient edits checks are performed prior to finalizing the billing. Reference BAI Document UT6015.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

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

Criteria: Internal Controls should be in place over adjustments to customer utility accounts to prevent unauthorized write-offs to customer accounts.

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

Cause: The City did not limit access to making adjustments to customer utility accounts only to those who are authorized to make adjustments.

Effect: Unauthorized write-offs to customer accounts could occur.

Recommendation:

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

Management Response:

We Do Not Concur: Prior to the establishment in November 2017 of the Office of Billing and Collections, the Utility Billing staff established a procedure following the last audit to address this issue. Public Utilities restricted access to the part of the system. A procedure was established that required management sign off on all adjustments that could only be made by the Billing Supervisor.

The process continued with the establishment of the Office of Billing and Collections and was further restricted as a part of the combined office. Currently, Billing and Collections had implemented forms to prevent unauthorized write-offs to customer accounts. If the adjustment was approved, it would be signed by the manager and forwarded to the Billing Supervisor to make the adjustment. All adjustments, with signature forms, were bundled with edit documents for each billing cycle.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

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

Criteria: Documentation should be retained to support adjustments made to utility bills throughout the year.

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

Cause: After utility readings are obtained, an edit report is generated to review bills prior to sending to the customers. Work orders are then created to address the potential errors. The work orders determine if an adjustment is necessary prior to printing the bill. However, the work orders were/are not retained to support the conclusion to adjust the utility bills.

Effect: There was no supporting documentation to substantiate material adjustments made to utility bills throughout the year.

Recommendation:

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

Management Response:

We Do Not Concur: Prior to the establishment in November 2017 of the Office of Billing and Collections, the Utility Billing staff established a procedure to document adjustments. Billing and Collections has implemented forms to prevent unauthorized write-offs to customer accounts. If the adjustment was approved, it would be signed by the manager and forward to the Billing Supervisor to make the adjustment. All adjustments, with signature forms, were bundled with edit documents for each billing cycle.

2019-005 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 was not supported by the appropriated detailed customer deposit listing.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2019-005 Material Weakness - Insufficient Listing for Water and Sewer Customer Deposits: (Continued)

Recommendation:

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

Management Response:

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

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

2019-006 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 2019 the City was not reconciling the property tax delinquent lists to the taxes receivable accounts as reported in the general ledger on a monthly basis or at year-end.

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.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2019-006 Material Weakness - Reconciliation of Property Tax Delinquent Lists to General Ledger: (Continued)

Management Response:

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

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

2019-007 Material Weakness - Insufficient Accounting and Financial Reporting Throughout the Fiscal Year

Criteria: Accurate 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 19 until the end of January 2020. Therefore, the City's general ledger was not accurate or reliable for the entire fiscal year June 30, 2019.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2019-007 Material Weakness - Insufficient Accounting and Financial Reporting Throughout the Fiscal Year: (Continued)

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:

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

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

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

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

The Finance Department has drafted policies and procedures and a monthly checklist has been created to ensure that all primary functions of the Finance Department are being completed in a timely and accurate fashion to prevent this finding in the future.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2019-008 Material Weakness- Material Audit Adjustments Proposed by the External Auditor

Criteria: Identification of 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 to a multitude 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 a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Recommendation:

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

Management Response:

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

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

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

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

Cause: The City does not request and drawdown grant funds from the Virginia Community College System. Instead the Crater Regional Workforce Investment Board & Learn to Earn, Inc. requests and is sent grant funds directly from the Virginia Community College System. As a result of this process, the City failed to recognize and record \$1,249,586 of grant revenues and pass-through expenditures for FY 19.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2019-009 Material Weakness - Unrecorded Workforce Investment Act Federal Grant: (Continued)

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

Recommendation:

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

Management Response:

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

2019-010 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 commingled and misclassified a multitude of federal revenues with state and/or local revenues within the accounting system.

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

Effect: The City's Schedule of Expenditures of Federal Awards could be materially misstated.

Recommendation:

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

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2019-010 Material Weakness - Material Reclassifications Proposed to Federal Revenues: (Continued)

Management Response:

We concur with the recommendation.

- The City's Finance Department has drafted an overall City grant policy to ensure the City's Federal revenues are appropriately accounted for, including maintaining a list of all Federal grants received to include the CFDA number for each Federal grant, the amount expended for each Federal grant, the amount received for each Federal grant, and a review process ensuring that all Federal revenues are accurately recorded in the general ledger to prevent findings like this in the future.
- Also, the City will identify staff resources to monitor the City's posting of Federal grant revenues in order to prevent the City's Schedule of Expenditures of Federal Awards from being materially misstated in the City's CAFR. This will be a joint effort across all City Departments.

2019-011 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 19 the City did not complete bank reconciliations for all bank and investment accounts in a timely manner. For example, bank reconciliations for the month of June 19 were not completed until May 2020.

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

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

Recommendation:

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

Management Response:

Although the primary responsibility falls with the Office of the Treasurer, the Finance Department has begun to partner with the Treasurer's Office under the executed MOU to review monthly bank outstanding reconciliation items to ensure that they are completed, accurate and timely so that Finance is able to close the month and is aware of outstanding reconciling items when doing so.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2019-012 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 19 the City did not reconcile the cash reported in each fund to total cash reported in Fund 999.

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

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

Recommendation:

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

Management Response:

Although the primary responsibility falls with the Office of the Treasurer, the Finance Department has begun to partner with the Treasurer's Office under the executed MOU to review monthly bank outstanding reconciliation items to ensure that they are completed, accurate and timely so that Finance is able to close the month and is aware of outstanding reconciling items when doing so.

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

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

Condition: During FY 19 the City's finance department posted various one-sided journal entries. For example, a journal entry was posted that only included a credit of \$1,549,067.49 and did not have a corresponding debit to balance the entry.

Cause: The City finance staff were posting one-sided journal entries and there was no sufficient review and approval process in place over Journal Entries.

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

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2019-013 Material Weakness - Posting of One-sided Journal Entries: (Continued)

Recommendation:

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

Management Response:

The Finance Department has worked with the Financial Systems vendor to log a ticket with the City's Financial System. And Query GLMONTH has been created to review all general ledger holding files and make sure that all entries net to \$0. This report is generated and reviewed monthly. Finance has also created Journal Entry templates to ensure that the entries that cross funds include entries for the Treasurer's Accountability Fund.

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

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

Condition: During FY 19 the City's finance department posted various journal entries that did not balance within each fund. For example, a journal entry was posted that debited one fund and credited a different fund.

Cause: The City finance staff were posting journal entries that did not balance within each fund and there was no sufficient review and approval process in place over Journal Entries.

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

Recommendation:

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

Management Response:

The Finance Department has worked with the Financial Systems vendor to log a ticket with the City's Financial System. And Query GLMONTH has been created to review all general ledger holding files and make sure that all entries net to \$0. This report is generated and reviewed monthly. Finance has also created Journal Entry templates to ensure that the entries that cross funds include entries for the Treasurer's Accountability Fund.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2019-015 Material Weakness - Processing of Lockbox Receipts

Criteria: All incoming receipts should be recorded and processed through the City's cash receipt system.

Condition: During FY 19 the City was not able to appropriately record and process payments received through Lockbox.

Cause: The City recently started accepting payments via lockbox. There were issues with the setup process which cause the City to not be able to appropriately record and process payments received through lockbox.

Effect: The City's Financial Statements and subsidiary ledgers did not accurately reflect all payment received throughout the year.

Recommendation:

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

Management Response:

The Office of Billing and Collections will ensure that the lockbox is processed on a timely and accurate basis and will report the information as part of our daily reconciliation process. Policies and procedures have been drafted documenting this process in accordance with the FY 17/18 CAFR Corrective Action Plan.

2019-016 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 19 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.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2019-016 Material Weakness - Lack of Monthly Financial Closing Procedures: (Continued)

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 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.

2019-017 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 12 out of 40 disbursements tested contained invoices that were paid late.

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

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

Recommendation:

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

Management Response:

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

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)

2019-018 Compliance Finding - Special Welfare Bank Account

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

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

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

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

Recommendation:

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

Management Response:

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

2019-019 Compliance Finding - Special Welfare Ledger

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

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

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

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

Recommendation:

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

Management Response:

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

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-020 Federal Award Finding - Subrecipient Monitoring:

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

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

Federal Award Number: LWA 15-17-03 Year: 2017

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

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

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

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

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

Questioned Costs: N/A

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (Continued)

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

2019-020 Federal Award Finding - Subrecipient Monitoring: (Continued)

Recommendation:

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

Management Response:

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

2019-021 Federal Award Finding - Eligibility

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

Federal Award Number: 93.659 Year: 2019

Criteria: Clients should only receive assistance until the qualify child reaches age 18 or 21 if the agency determines that the child has a mental or physical disability warranting the continuation of the assistance.

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

Context: Out of 25 cases tested, 2 cases were receiving benefits when they were no longer eligible. One child received 3 months of assistance after reaching age 18. Another child received 12 months of benefits despite not being eligible the entire year.

Cause: The Department of Social services was not reviewing cases for eligibility and did not have a process in place to ensure payments ceased when the child become ineligible.

Effect: The Department provided assistance to families that were no longer eligible.

Questioned Costs: \$10,626

Recommendation:

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

Management's Response:

The Department of Social Services has instituted an internal tracking system that will provide an alert to the adoption subsidy worker six (6) months prior to the youth's emancipation date. The alert will cause the worker to initiate a Family Services Notice of Action and Rights Appeals form to the family to establish criteria for continued funding of the individual, when warranted.

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

FINANCIAL STATEMENT FINDINGS

2018-001 Material Weakness - Utility Billing Reconciliation

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

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Recommendation:

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

Current status:

See finding 2019-001

2018-002 Material Weakness - Utility Billing Reconciliation System

Condition: The Utility Billing Reconciliation System has not been interfaced properly for some time. The interface issues are related to the system's ability to reconcile the outstanding A/R amounts to what the system believes the accounting system should reflect.

Recommendation:

We recommend the City correct the interfaces within the reconciliation module so that the reconciliation system is accurate.

Current status:

This finding is not present in current year

2018-003 Material Weakness - Utility Billing Errors and Insufficient Edit Checks

Condition: During FY18, utility bills were processed and mailed with substantial errors, whereby customers were billed for utilities in amounts that were far in excess of a reasonable bill.

Recommendation:

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

Current status:

See finding 2019-002

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-004 Material Weakness - Lack of Internal Controls over Adjustments to Customer Utility Accounts

Condition: Based on our testing and pursuant to discussions with City personnel, for a majority of the fiscal year ending June 30, 2018, there were no internal controls in place over the adjustment of customer utility accounts.

Recommendation:

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

Current status:

See finding 2019-003

2018-005 Material Weakness- Lack of Documentation Over Adjustments to Utility Billings

Condition: During the fiscal year ending June 30, 2018, the City recorded material adjustments to utility bills, however, the City did not retain documentation supporting the purpose or reason adjustments were necessary.

Recommendation:

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

Current status:

See finding 2019-004

2018-006 Material Weakness - Insufficient Listing for Water and Sewer Customer Deposits

Condition: It was noted during the audit that there was \$645,758 included in the water and sewer customer deposit listings that did not have any detail regarding which customers the deposit were for.

Recommendation:

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

Current status:

See finding 2019-005

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-007 Material Weakness - Reconciliation of Property Tax Delinquent Lists to General Ledger

Condition: During fiscal year 2018 the City was not reconciling the property tax delinquent lists to the taxes receivable accounts as reported in the general ledger on a monthly basis or at year-end.

Recommendation:

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

Current status:

See finding 2019-006

2018-008 Material Weakness - Insufficient Accounting and Financial Reporting Throughout the Fiscal Year

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

Recommendation:

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

Current status:

See finding 2019-007

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-009 Material Weakness- Material Audit Adjustments Proposed by the External Auditor

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

Recommendation:

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

Current status:

See finding 2019-008

2018-010 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 \$829,774 of grant revenue and pass-through expenditures in its financial statements in accordance with Generally Accepted Accounting Principles.

Recommendation:

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

Current status:

See finding 2019-009

2018-011 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 commingled and 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 2019-010

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-012 Material Weakness - Internal Controls over Inventory

Condition: Routinely, an inventory count/verification is requested of various departments by the Finance Department. The inventory sheets are remitted to the Finance Department. There was a lack of monitoring or review process over the data and information received as part of these requests from other departments.

Recommendation:

We recommend an adequately trained and independent City staff member perform the inventory count/verification. Also staff personnel from the Finance Department monitor and review the process.

Current status:

This finding is not present in current year

2018-013 Material Weakness - Lack of Inventory Count/Accounting for Public Utility Inventory

Condition: During FY18 the City did not perform an inventory count at end of year for its Public Utility Inventory, nor did the City provide any accounting for its Public Utility Inventory during the year.

Recommendation:

We recommend the City ensure that an inventory count is performed at least at the end of the year and that a listing of inventory is tracked and accounted for during the year.

Current status:

This finding is not present in current year

2018-014 Material Weakness - Lack of timely bank reconciliations performed during the year

Condition: During FY18 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 18 were not completed until December 2018.

Recommendation:

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

Current status:

See finding 2019-11

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-015 Material Weakness - Posting of One-sided Journal Entries

Condition: During FY18 the City's finance department posted various one-sided journal entries. For example, a journal entry was posted that only included a debit of \$6,500,000 and did not have a corresponding credit to balance the entry.

Recommendation:

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

Current status:

See finding 2019-13

2018-016 Material Weakness - Posting of Journal Entries that do not balance within each fund

Condition: During FY18 the City's finance department posted various journal entries that did not balance within each fund. For example, a journal entry was posted that debited one fund and credited a different fund.

Recommendation:

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

Current status:

See finding 2019-14

2018-017 Material Weakness - Processing of Lockbox Receipts

Condition: During FY18 the City was not able to appropriately record and process payments received through Lockbox.

Recommendation:

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

Current status:

See finding 2019-15

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-018 Material Weakness - Lack of Monthly Financial Closing Procedures

Condition: During FY18 the City did not have adequate monthly financial closing procedures in place when performing the month end close. The City was closing each month in the accounting system before ensuring that all reconciliations had been performed, that all funds were in balance, and that all entries were appropriately made and included in the financial statements.

Recommendation:

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

Current status:

See finding 2019-16

2018-019 Compliance Finding - Prompt Payment of Bills by Localities

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

Recommendation:

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

Current status:

See finding 2019-017

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-020 Compliance Findings - Stormwater Revenue Bond

Condition: In August 2015 the City Issued \$3,000,000 of Stormwater Revenue Bonds to finance variance storm water system improvements and to pay for certain issuance costs of the 2015 Bond as described in the attached bond document. The document also states that the Issuer (“the City”) does not expect to reimburse itself from the bond proceeds for any expenditures incurred prior to the bond closing date. These proceeds were recorded in Fund 380, Capital Project Fund. In August 2015 after bond closing, the bond closing agent deposited \$3,000,000 into a separate SunTrust account titled “FY16 Stormwater CIP.” During the months of September 2015, November 2015 and February 2016, the total amount of \$2,939,938 was transferred out of the SunTrust CIP bank account into the City’s operating bank account. Per the City’s general ledger, only \$1,040,628 was recorded as stormwater project expenditures in Fund 380. There was also \$87,139.14 paid to Davenport and McGuire Woods for Issuance costs. As part of the audit we examined documentation supporting the transfers out of the Stormwater CIP Account (see attached for documentation). During the course of the audit procedures we noted an email dated September 10, 2015 from the Assistant Finance Director sent to the Finance Director that stated the following: *“Recommend we transfer from SW account \$600k today to meet payroll.”* We also noted an email dated November 23, 2015 from the Assistant Finance Director to the Deputy Treasurer and with a copy of the email to the Finance Director which stated *“Please transfer \$400,000 from the Storm Water account to the city concentration account. The plan is to transfer the funds back on December 1st after the state reimbursements post for Nov 30th.”* We noted that these funds were not transferred back into the Stormwater bank account during fiscal year 2016. Additionally, there were various emails requesting transfers from the Stormwater CIP bank account to the City concentration bank account that did not list the specific intent of the transfer out. Based on the correspondence found during the audit and audit procedures performed it appears the City utilized \$1,812,170.39 of the \$3,000,000 Stormwater Revenue Bonds for payroll and/or other City operating costs and not for the purpose and intent of the bond issuance. During FY 17, the City spent \$145,989 on approved Stormwater projects.

Recommendation:

We recommend the City contact bond counsel to determine the consequences and required corrective action.

Current status:

This finding is not present in the current year.

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-021 Compliance Finding - Expenditures in Excess of Appropriations

Condition: The City had expenditures in excess of appropriations for the following functions in the general fund:

<u>Function</u>	<u>Expenditures in Excess of Appropriations</u>
General Government Admin	\$ 401,214
Judicial Administration	\$ 139,577

Recommendation:

We recommend the City implement procedures to ensure an appropriation is made prior to incurring the expenditure.

Current status:

This finding is not present in current year.

2018-022 Compliance Findings - Establishment of a Social Services Board

Condition: Through inquiry of the DSS Executive Director, the process of establishing a board was started in either FY2012 or FY2013 but was never implemented.

Recommendation:

We recommend the City establish a Social Services Board and maintain minutes of the Board Meetings.

Current status:

This finding is not present in current year.

2018-023 Compliance Finding - Special Welfare Bank Account

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

Recommendation:

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

Current status:

See finding 2019-018

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-024 Compliance Finding - Special Welfare Ledger

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

Recommendation:

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

Current status:

See finding 2019-019

2018-025 Compliance Finding - Social Service Business Continuity Plan

Condition: The Department of Social Services did not have a documented Business Continuity Plan.

Recommendation:

We recommend the Department of Social Services develop a documented Business Continuity Plan in accordance with the Virginia Department of Emergency Management.

Current status:

This finding is not present in the current year.

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019 (Continued)

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2018-026 Federal Award Finding - Subrecipient Monitoring:

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

Federal Award Number: LWA 15-16-03	Year: 2017
Federal Award Number: LWA 15-15-03	Year: 2016

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

Recommendation:

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

Current status:

See finding 2019-020

2018-027 Federal Award Finding - Allowable Activities

Program: Child Nutrition Cluster (CFDA 10.553, 10.555 & 10.559 - Department of Agriculture)

Federal Award Number: 201817N109941	Year: 2018
Federal Award Number: 201717N109941	Year: 2017
Federal Award Number: 201616N109941	Year: 2016

Condition: The School Board was not entering the correct number of meals served each month when completing the SNP Monthly Reimbursement by SNP Unit Report - (SNP017). There were some months in which the School Board over reported the number of meals served and some months in which the School Board under reported the number of meals served.

Recommendation:

We recommend the School Board implement procedures to ensure compliance with grant funds and ensure that monthly reimbursement request are completed accurately.

Current status:

This finding is not present in the current year.

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