

2020 Comprehensive Annual Financial Report (CAFR)

City of Petersburg VIRGINIA

Presented by:

Department of Finance



Aretha Ferrell-Benavides, City Manager



Agenda

Agenda

Overview

Audit Opinion

Basic Financial Statements

Basic Financial Statements – Governmentwide

Basic Financial Statements – Governmental Funds

Basic Financial Statements – Proprietary Funds

Notes to the Financial Statements

Supplementary Information

What's Next? External Auditor Update

Overview

Audit Opinion

“Highlights”

Basic Financial Statements

- Governmentwide
- Governmental Funds
- Proprietary Funds
- Fiduciary Funds

} Fund Financial Statements

Notes to the Financial Statements

Supplementary Information

External Auditor Update



Overview

Agenda

Overview

Audit Opinion

Basic Financial Statements

Basic Financial Statements – Governmentwide

Basic Financial Statements – Governmental Funds

Basic Financial Statements – Proprietary Funds

Notes to the Financial Statements

Supplementary Information

What's Next? External Auditor Update

The purpose of today's presentation is to provide City Council an overview of the results pertaining to the preparation and audit of FY 2020 Comprehensive Annual Financial Report (CAFR).

The FY 2020 or fiscal year 2020 CAFR covers the period of July 1, 2019 to June 30, 2020 and represents the financial position and results of the City as of June 30, 2020.



Audit Opinion

Agenda

Overview

Audit Opinion

Basic Financial Statements

Basic Financial Statements – Governmentwide

Basic Financial Statements – Governmental Funds

Basic Financial Statements – Proprietary Funds

Notes to the Financial Statements

Supplementary Information

What's Next? External Auditor Update

At the conclusion of the CAFR preparation and audit process, the City's external auditor renders an opinion on the whether the City's financial statements fairly present the results of the City for the period reported.

The types of opinions that can be rendered are as follows:

- Unmodified
- Qualified
- Adverse
- Disclaimer

The last 3 opinions are all considered modified opinions.



Audit Opinion

Agenda

Overview

Audit Opinion

Basic Financial Statements

Basic Financial Statements – Governmentwide

Basic Financial Statements – Governmental Funds

Basic Financial Statements – Proprietary Funds

Notes to the Financial Statements

Supplementary Information

What's Next? External Auditor Update

At the conclusion of the 2020 CAFR preparation and audit process, the City’s external auditor rendered the following opinion (p.2):

<u>Business Unit</u>	<u>2020</u> <u>Auditor Opinion</u>	<u>2019</u> <u>Auditor Opinion</u>	<u>2018</u> <u>Auditor Opinion</u>
Governmental Activities	Unmodified	Unmodified	Unmodified
Business-Type Activities	Unmodified	Unmodified	Qualified
Discretely Presented Component Units	Unmodified	Unmodified	Unmodified
General Fund	Unmodified	Unmodified	Unmodified
Capital Projects Fund	Unmodified	Unmodified	Unmodified
Public Utility Fund	Unmodified	Unmodified	Qualified
Mass Transit Fund	Unmodified	Unmodified	Unmodified
Golf Course Fund	Unmodified	Unmodified	Unmodified
Aggregate Remaining Fund Information	Unmodified	Unmodified	Unmodified

The City of Petersburg received an overall Unmodified opinion on the audit of its financial statements for the second year in a row.



Audit Opinion

Agenda

Overview

Audit Opinion

Basic Financial Statements

Basic Financial Statements – Governmentwide

Basic Financial Statements – Governmental Funds

Basic Financial Statements – Proprietary Funds

Notes to the Financial Statements

Supplementary Information

What's Next? External Auditor Update

Unmodified Opinion

An unqualified opinion or “clean” opinion is an independent auditor's judgment that the financial statements are fairly and appropriately presented, without any identified exceptions, and in compliance with generally accepted accounting principles (GAAP). An unqualified opinion is the most common type of auditor's opinion.

The City received an unmodified opinion on each unit assessed including the Public Utility Fund (which is a Business-Type Activity).

Qualified Opinion

A qualified or modified opinion is where the auditor suggests future amendments or procedures to follow to avoid misstatements in the financial systems and to make the financial statements transparent and clear. None of the areas audited received this opinion.



Basic Financial Statements

Agenda

Overview

Audit Opinion

Basic Financial Statements

Basic Financial Statements – Governmentwide

Basic Financial Statements – Governmental Funds

Basic Financial Statements – Proprietary Funds

Notes to the Financial Statements

Supplementary Information

What's Next? External Auditor Update

The CAFR presents up to three (3) different types of financial statements as part of its “**Basic**” **Financial Statements**. The types are as follows:

- Governmentwide
 - Statement of Net Position
 - Statement of Activities

Fund Financial Statements

- Governmental Funds
 - Balance Sheet
 - Statement of Revenues, Expenditures and Changes in Fund Balance
- Proprietary Funds
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Change in Net Position
 - Statement of Cash Flows
- Fiduciary Funds (*excluded from highlight*)
 - Statement of Fiduciary Net Position (Hospital Trust / Agency Fund)
Funds not available and held in a trust or agent capacity.



Basic Financial Statements Government-wide

Agenda

Overview

Audit Opinion

Basic Financial Statements

Basic Financial Statements – Governmentwide

Basic Financial Statements – Governmental Funds

Basic Financial Statements – Proprietary Funds

Notes to the Financial Statements

Supplementary Information

What's Next? External Auditor Update

Statement of Net Position

Government-wide includes both the City’s Governmental & Business-Type Activities

Statement of Net Position (Exhibit 1, p. 17) is a snapshot of City’s assets and liabilities under the accrual basis of accounting at the end of each fiscal year. The Statement of Net Position identifies the type and amounts of assets available to support City operations, how much the City owes to vendors and bond holders, and the City’s net position delineated based upon its availability to be used for future expenditures. This statement is also known as the Balance Sheet (Exhibit 3, p. 23) for the Governmental Funds. Below is a summary for the Governmental Funds.

Condensed Statement of Net Position

as of June 30,	2020	2019	\$ Change	% Change
Current Assets	60,855,297	51,850,513	9,004,784	18%
Capital Assets	55,137,274	55,705,056	(567,782)	(1%)
Deferred Outflows - Pension, OPEB, Refunding	8,521,288	4,652,619	3,868,669	94%
	124,513,859	112,208,188	12,305,671	11%
Current Liabilities	16,078,910	14,706,419	1,372,491	8%
Noncurrent Liabilities	65,245,399	62,314,456	2,930,943	4%
Deferred Inflows - Property Tax, OPEB, Pension	3,055,344	5,386,618	(2,331,274)	(35%)
	84,379,653	82,407,493	1,972,160	2%
Total Net Position	40,134,206	29,800,695	10,333,511	57%



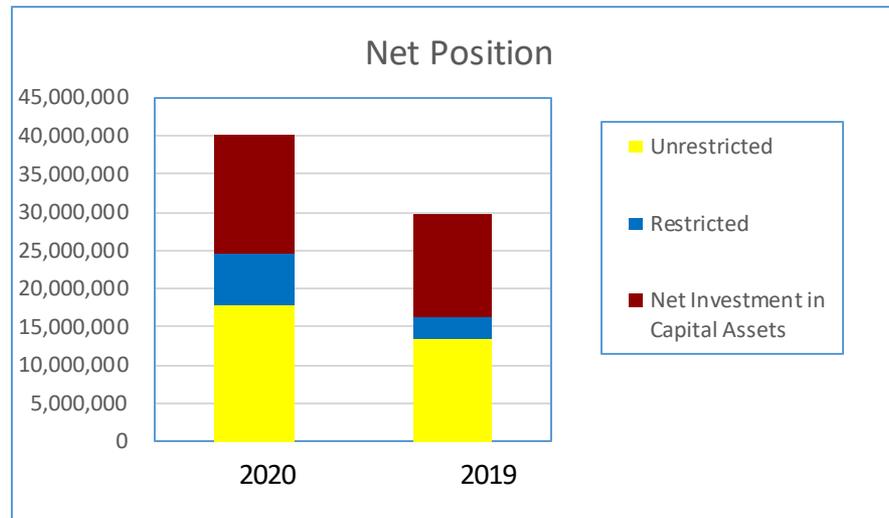
Basic Financial Statements Government-wide

- Agenda
- Overview
- Audit Opinion
- Basic Financial Statements
- Basic Financial Statements – Governmentwide**
- Basic Financial Statements – Governmental Funds
- Basic Financial Statements – Proprietary Funds
- Notes to the Financial Statements
- Supplementary Information
- What's Next? External Auditor Update

Statement of Net Position (continued)

Net position is divided into three major categories:

- Net investment in capital assets (property, plant, equipment owed by the City)
- Restricted net assets (nonexpendable and expendable)
- Unrestricted net position (available for use for any lawful purpose)



Total Net Position

as of June 30,	2020	2019	\$ Change	% Change
Net Investment in Capital Assets	15,504,612	13,583,894	1,920,718	15%
Restricted	6,693,963	2,811,860	3,882,103	85%
Unrestricted	17,935,631	13,404,941	4,530,690	511%
Total Net Position	40,134,206	29,800,695	10,333,511	57%



Basic Financial Statements Government-wide

Agenda

Overview

Audit Opinion

Basic Financial Statements

Basic Financial Statements – Governmentwide

Basic Financial Statements – Governmental Funds

Basic Financial Statements – Proprietary Funds

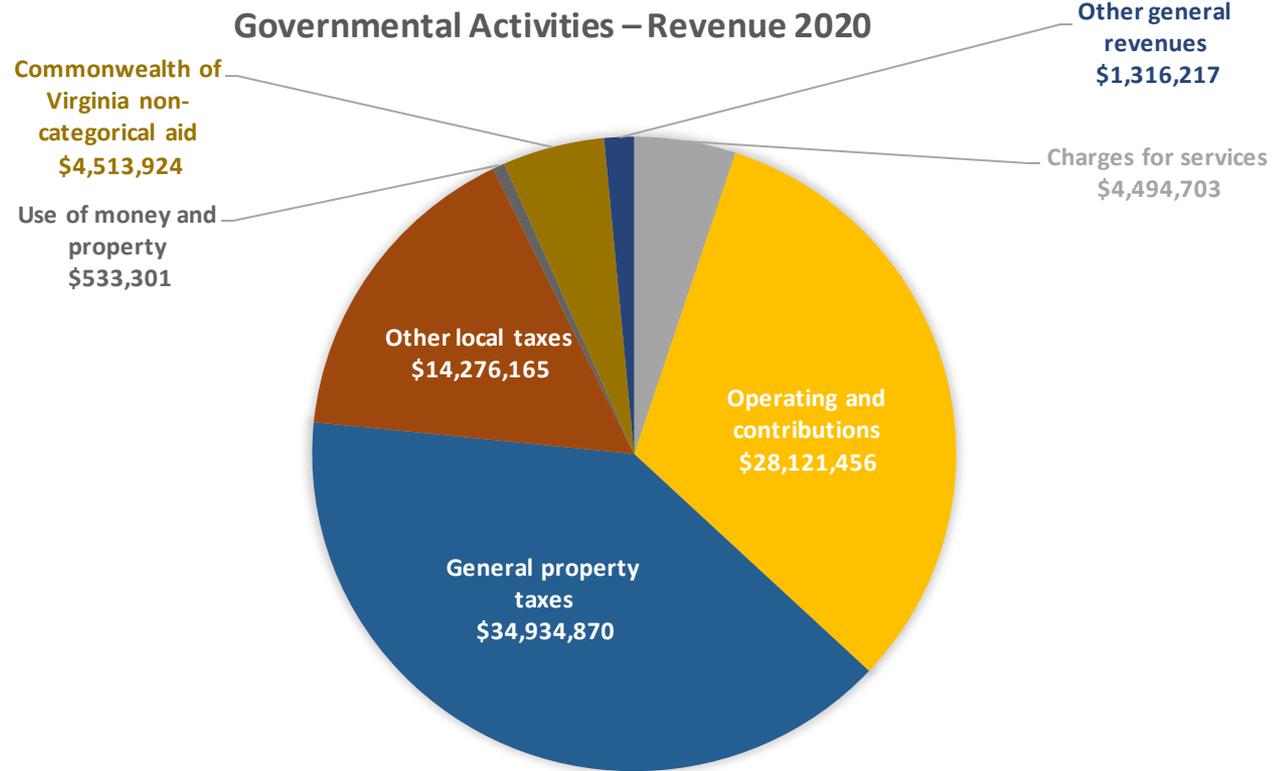
Notes to the Financial Statements

Supplementary Information

What's Next? External Auditor Update

Statement of Activities

Statement of Activities (Exhibit 2, p. 18) reflects the City’s revenue and expenses for its Governmental and Business-Type Activities. Below is a breakout of the major sources of revenue for the City’s Governmental Activities.





Basic Financial Statements Government-wide

Agenda

Overview

Audit Opinion

Basic Financial Statements

Basic Financial Statements – Governmentwide

Basic Financial Statements – Governmental Funds

Basic Financial Statements – Proprietary Funds

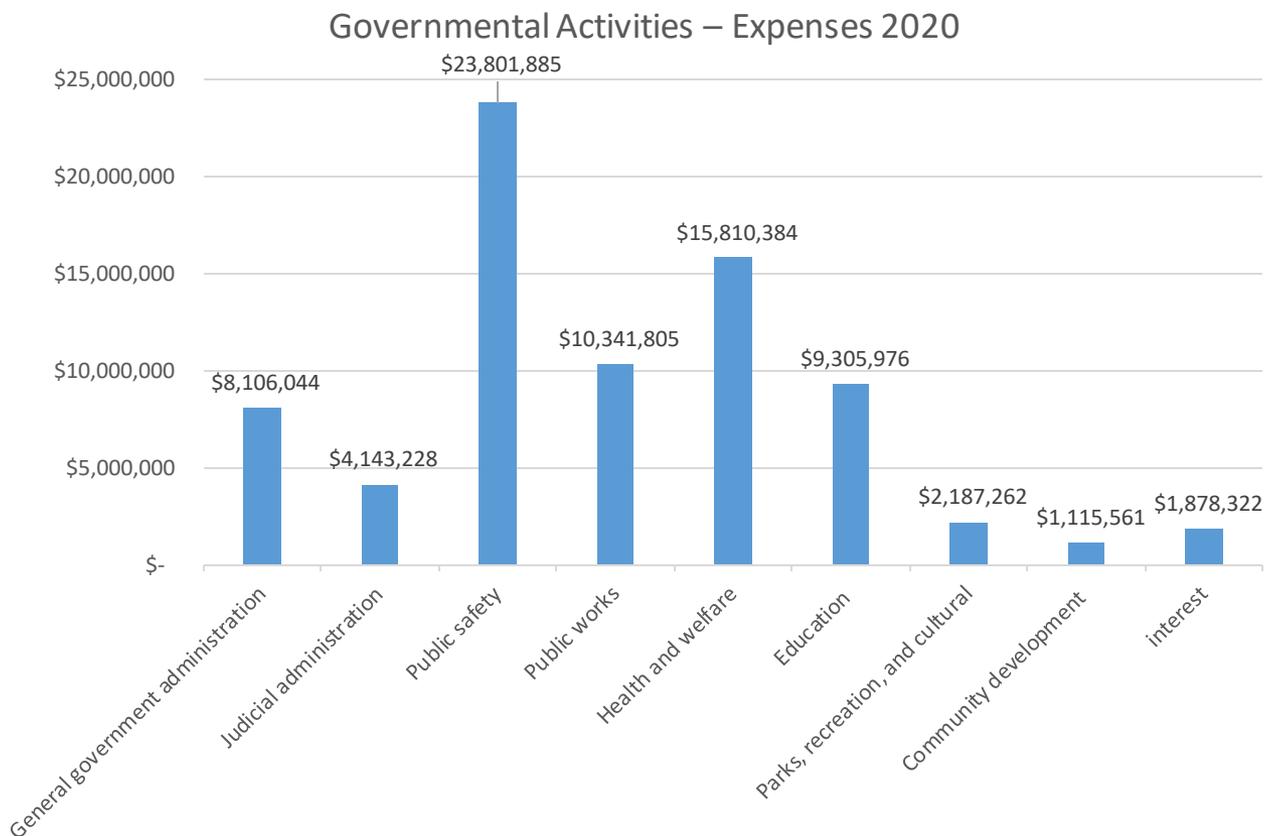
Notes to the Financial Statements

Supplementary Information

What's Next? External Auditor Update

Statement of Activities (continued)

The below reflects the City's expenses for each of its major functions within its Governmental Activities.





Basic Financial Statements Governmental Funds

- Agenda
- Overview
- Audit Opinion
- Basic Financial Statements
- Basic Financial Statements – Governmentwide
- Basic Financial Statements – Governmental Funds**
- Basic Financial Statements – Proprietary Funds
- Notes to the Financial Statements
- Supplementary Information
- What's Next? External Auditor Update

Balance Sheet

Governmental Funds (Exhibit 3, p. 23) is comprised of three (3) funds/fund groups:

- General Fund Primary or chief operating fund of the City
- Capital Projects Fund Accounts for all of constructions projects for general public improvements excluding those of the business type activities
- Non-Major Funds Comprised of the Special Revenue and Permanent Funds and accounts for and reports on the use of fund in accordance with their specific purposes

Condensed Balance Sheet

as of June 30, 2020	General Fund	Capital Projects	Non-Major Funds	Total
Assets	43,541,268	8,804,226	13,054,812	65,400,306
Liabilities	10,400,033	3,177,322	3,270,085	16,847,440
Deferred Inflow of Resources	9,728,397			9,728,397
	20,128,430	3,177,322	3,270,085	26,575,837
Fund Balance	23,412,838	5,626,904	9,784,727	38,824,469



Basic Financial Statements Governmental Funds

Agenda

Overview

Audit Opinion

Basic Financial Statements

Basic Financial Statements – Governmentwide

Basic Financial Statements – Governmental Funds

Basic Financial Statements – Proprietary Funds

Notes to the Financial Statements

Supplementary Information

What's Next? External Auditor Update

Balance Sheet (continued)

	Total Fund Balance			
as of June 30, 2020	General Fund	Capital Projects	Non-Major Funds	Total
Nonspendable	5,233,092	4,251,288	2,020,599	11,504,979
Restricted	5,243,476	1,375,616	4,673,364	11,292,456
Committed			3,090,764	3,090,764
Unassigned	<u>12,936,270</u>			12,936,270
Total Fund Balance	23,412,838	5,626,904	9,784,727	38,824,469

Highlight:

The “Unassigned” fund balance for the General Fund increased from \$8,060,337 in FY 2019 to \$12,936,270 in FY 2020 or by 60% and \$4,875,933



Basic Financial Statements Governmental Funds

- Agenda
- Overview
- Audit Opinion
- Basic Financial Statements
- Basic Financial Statements – Governmentwide
- Basic Financial Statements – Governmental Funds
- Basic Financial Statements – Proprietary Funds
- Notes to the Financial Statements
- Supplementary Information
- What's Next? External Auditor Update

Statement of Revenues, Expenditures, and Changes in Fund Balance

The **Statement of Revenues, Expenditures, and Changes in Fund Balance** (Exhibit 4, p. 24) shows the City’s revenues by source, expenditures categorized by the City’s major functions or programs, and other financing sources (uses) and transfers for its Governmental Funds. This statement is also known as the **Statement of Revenues, Expenses, and Changes in Net Position** (Exhibit 7, p.27) for Proprietary Funds and the **Statement of Activities** (Exhibit 2, p. 18) for the Governmentwide financials.

Condensed Statement of Revenue, Expenditures, and Changes in Fund Balance

as of June 30, 2020	General	Capital Projects	Non-Major Funds	Total
Revenue	73,960,142	499,835	13,474,919	87,934,896
Expenditures	68,061,512	986,441	9,328,098	78,376,051
Excess (deficiency) of revenues over (under) Expenditures	5,898,630	(486,606)	4,146,821	9,558,845
Other Financing Sources (Uses) - Transfers In (Out)	(1,535,999)	71,682	193,910	(1,270,407)
Payment to Bond Escrow Agent, Issuance (Discount) of/on Debt				
Changes in Fund Balance	4,362,631	(414,924)	4,340,731	8,288,438
Fund Balance at Beginning of Year, as restated	19,050,207	6,041,828	5,443,996	30,536,031
Fund Balance at End of Year	23,412,838	5,626,904	9,784,727	38,824,469

Highlight:

Revenues exceeded Expenditures in the General Fund by **\$5,898,630** or by more than 8%



Basic Financial Statements Proprietary Funds

- Agenda
- Overview
- Audit Opinion
- Basic Financial Statements
- Basic Financial Statements – Governmentwide
- Basic Financial Statements – Governmental Funds
- Basic Financial Statements – Proprietary Funds
- Notes to the Financial Statements
- Supplementary Information
- What's Next? External Auditor Update

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds includes information on the City's Public Utility, Mass Transit and Golf Course operations.

The **Statement of Revenues, Expenses, and Changes in Net Position** (Exhibit 7, p. 27) shows the City's revenues and expenses categorized between operating, non-operating and other related activities for its Proprietary Funds or Business-Type Activities.

Condensed Statement of Revenue, Expenses, and Changes in Net Position

as of June 30, 2020	Public Utility	Mass Transit	Golf Course	Total
Operating Revenues	14,424,910	550,732	774,390	15,750,032
Operating Expenses	11,519,883	4,656,217	1,047,088	17,223,188
Operating Income (Loss)	2,905,027	(4,105,485)	(272,698)	(1,473,156)
Non-Operating Revenues (Expenses)	(484,052)	3,668,091	(140,492)	3,043,547
State/Federal Grants, Interest Income (Expense)				
Bond Issuance Costs				
Income (Loss) before contributions and transfers	2,420,975	(437,394)	(413,190)	1,570,391
Transfers In	54,024	990,627	335,577	1,380,228
Changes in Net Position	2,474,999	553,233	(77,613)	2,950,619
Fund Balance at Beginning of Year, as restated	19,178,959	15,439,011	(1,974,552)	32,643,418
Fund Balance at End of Year	21,653,958	15,992,244	(2,052,165)	35,594,037



Basic Financial Statements Proprietary Funds

Agenda

Overview

Audit Opinion

Basic Financial
Statements

Basic Financial
Statements –
Governmentwide

Basic Financial
Statements –
Governmental Funds

Basic Financial
Statements –
Proprietary Funds

Notes to the
Financial
Statements

Supplementary
Information

What's Next?
External Auditor
Update

Statement of Cash Flows



Statement of Cash Flows (Exhibit 8, p.28) provides information about City's sources (receipts) and uses (payments) of cash during the fiscal year. It classifies sources and uses of cash into four categories, assists in determining whether the City has the ability to generate future net cash flows to meet its obligations as they come due, and assists in determining the need for external financing. Statement of Cash Flows only exists for the Proprietary Funds or the Business-Like Activities.

Notes to the Financial Statements



- Agenda
- Overview
- Audit Opinion
- Basic Financial Statements
- Basic Financial Statements – Governmentwide
- Basic Financial Statements – Governmental Funds
- Basic Financial Statements – Proprietary Funds
- Notes to the Financial Statements
- Supplementary Information
- What's Next? External Auditor Update

Long-Term Obligations

Of \$92,546,720 in total obligation or liability (Note 7, p. 55, 60) , **\$47,950,384** was in General Obligation Bonds backed by the full faith and credit of the City. Of the total obligation or liability, \$9,731,753 was due and payable within one (1) year. The breakdown across Governmental and Business-Type Activities (i.e., Public Utility, Mass Transit, and Golf Course operations) is below.

Condensed Note 7 - Long Term Obligations

as of June 30, 2020	Business -Type Activities				Total
	Governmental	Public Utility	Mass Transit	Golf Course	
General Obligation (GO) Bonds	37,046,188	7,490,000		3,414,196	47,950,384
Stormwater Revenue Bonds	2,120,000				
School Literary Fund Loans	100,000				
School Qualified Zone Academy Bonds (QZAB)	3,668,528				
Capital Leases	0	3,993,107			
Premium (Discount) on Bonds Payable	667,618	539,401		488,079	
Net Pension Liability	15,606,073	685,175	971,748	189,693	
Net OPEB Liability	7,651,890	130,523	185,112	36,136	
Compensated Absences	1,865,791	61,463	99,063	36,936	
Total Long Term Obligations	68,726,088	12,899,669	1,255,923	4,165,040	
Short-term Anticipation Notes	5,500,000				
Total Obligations	74,226,088	12,899,669	1,255,923	4,165,040	92,546,720
Due Within 1 Year	8,980,689	608,538	9,906	132,620	9,731,753



Supplementary Information

Agenda

Overview

Audit Opinion

Basic Financial Statements

Basic Financial Statements – Governmentwide

Basic Financial Statements – Governmental Funds

Basic Financial Statements – Proprietary Funds

Notes to the Financial Statements

Supplementary Information

What's Next? External Auditor Update

Budgetary Data

General Fund Budget and Actual information (Exhibit 11, p. 99) is presented for every source of revenue and category of expenditure by major function or program in the General Fund inclusive of Debt Service and Transfers.

Pension Data

Net Pension Liability, Employer Contributions, and Other Post Employment Benefits (OPEB) information is presented in the supplementary information section.

Combining Statements, Non-Major Funds, Supporting Schedules

This section includes combining statements for non-major funds. Non-major funds include both Special Revenue Funds (SRF) such as federal and state project funds, community development act funds (CDBG) and stormwater funds, as well as, Permanent Funds such as Blandford Cemetery Perpetual Care funds, Clara J. McKenney Memorial funds, and Library Endowment funds. It also includes Agency Funds such as Special Welfare, Jail Inmate, Drug Seizure, and Industrial Development Authority funds. This section also includes Budget and Actual supporting schedules.



What's Next?

Agenda

Overview

Audit Opinion

Basic Financial Statements

Basic Financial Statements – Governmentwide

Basic Financial Statements – Governmental Funds

Basic Financial Statements – Proprietary Funds

Notes to the Financial Statements

Supplementary Information

What's Next?
External Auditor Update

- This concludes the overview, highlights, and operating results of the City's FY 2020 CAFR.

- Next
 - Robinson, Farmer, Cox Associates, the City's auditor, will deliver a presentation on the FY 2020 CAFR and results of the audit to City Council.