

# CITY OF PETERSBURG, VIRGINIA



## ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2021



**City of Petersburg, Virginia**  
**Annual Comprehensive Financial Report**  
**Fiscal Year Ended June 30, 2021**

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**Prepared By:**

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Department of Finance



CITY OF PETERSBURG, VIRGINIA

Annual Comprehensive Financial Report  
Fiscal Year Ended June 30, 2021

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CITY OF PETERSBURG, VIRGINIA  
CITY COUNCIL AND EXECUTIVE OFFICERS  
JUNE 30, 2021

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CITY COUNCIL

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

CONSTITUTIONAL OFFICERS

Brittany Flowers ..... Commissioner of Revenue  
Tiffany Buckner ..... Commonwealth’s Attorney  
Kenneth Pritchett..... City Treasurer  
Maytee Parham..... Clerk of the Circuit Court  
Vanessa R. Crawford ..... City Sheriff

CITY ADMINISTRATION

Kenneth Miller..... Interim City Manager  
Nykesha D. Jackson..... Council Clerk  
Anthony Williams ..... City Attorney  
Brian Gordineer ..... City Assessor  
Tami Yerby..... Director of Recreation & Community  
Reggie Tabor ..... Director of Planning & Development Services  
Wayne Crocker ..... Director Library Services  
Clay Hammer ..... Director of Economic Development  
Norris Stevenson ..... Director of Social Services  
Stacey M. Jordan..... Interim Director of Finance  
Robert Floyd..... Director of Budget & Procurement  
Tangela Innis ..... Director of Public Works & Utilities  
Travis Christian ..... Police Chief  
Jim Reid..... Interim Fire Chief  
Kim Robinson ..... Director of Human Resources  
Gerrit VanVoorhees..... Director of Information Technology  
Nicole Loving ..... Director of Community Corrections  
Vacant ..... Executive Director of Freedom Support Center  
Margo Hardy ..... Program Manager, PJCCP  
Lacy Ward, III..... Interim Collections Assistant Manager  
Charles Koonce..... Mass Transit Director  
Jamie Fagan ..... General Manager/PGA Golf Pro  
Folakemi Osoba ..... Public Affairs Coordinator









# CITY OF PETERSBURG

## FINANCE DEPARTMENT

FISCAL MANAGEMENT BUILDING  
144 N. SYCAMORE STREET  
PETERSBURG, VIRGINIA 23803  
(804) 733-2337

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October 26, 2022

The Honorable Members of City Council City of Petersburg, Virginia

To the Honorable Members of City Council:

The Annual Comprehensive Financial Report\* of the City of Petersburg, Virginia (the City) for the year ended June 30, 2021, 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

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

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 of more than \$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.

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

## OTHER INFORMATION

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

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

MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

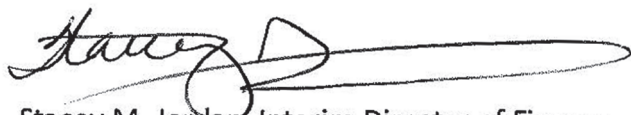
Independent Audit: State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, and Cox Associates was selected by the City's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed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

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

Respectfully Submitted,



Kenneth Miller, Interim City Manager



Stacey M. Jordan, Interim Director of Finance

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**Independent Auditors' Report**

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**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, 2021, 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, 2021, 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.

### ***Change in Accounting Principle***

As described in Note 16 to the financial statements, in 2021, the City adopted new accounting guidance, GASB Statement Nos. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

### ***Restatement of Beginning Balances***

As described in Note 16 to the financial statements, in 2021, the City restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-12, 99, and 100-112 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.

***Other Matters: (Continued)***

***Supplementary and Other Information: (Continued)***

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 November 1, 2022, on our consideration of the City of Petersburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Petersburg, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Petersburg, Virginia's internal control over financial reporting and compliance.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia

November 1, 2022

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

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As management of the City of Petersburg, Virginia (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$84,201,019(net position).
- The City's net position increased in governmental funds and business-type activities. Governmental funds net position increased \$7,720,440 and business-type activities increased \$752,336.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$48,103,697 an increase of \$9,279,228 in comparison with the prior year. Unassigned fund balance for the General Fund increased from \$12,936,270 to \$25,253,436.

**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 \$84,201,019 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, 2021 and 2020

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 72,334,956	\$ 60,855,297	\$ 9,673,206	\$ 9,894,193	\$ 82,008,162	\$ 70,749,490
Capital assets	55,508,492	55,137,274	45,149,734	46,184,627	100,658,226	101,321,901
Total assets	<u>\$ 127,843,448</u>	<u>\$ 115,992,571</u>	<u>\$ 54,822,940</u>	<u>\$ 56,078,820</u>	<u>\$ 182,666,388</u>	<u>\$ 172,071,391</u>
Deferred outflows of resources	\$ 11,648,793	\$ 8,521,288	\$ 1,080,465	\$ 820,410	\$ 12,729,258	\$ 9,341,698
Total assets and deferred outflows of resources	<u>\$ 139,492,241</u>	<u>\$ 124,513,859</u>	<u>\$ 55,903,405</u>	<u>\$ 56,899,230</u>	<u>\$ 195,395,646</u>	<u>\$ 181,413,089</u>
Long-term liabilities outstanding	\$ 72,475,045	\$ 65,245,399	\$ 17,852,174	\$ 17,569,568	\$ 90,327,219	\$ 82,814,967
Current liabilities	16,690,034	16,078,910	1,610,930	3,462,052	18,300,964	19,540,962
Total liabilities	<u>\$ 89,165,079</u>	<u>\$ 81,324,309</u>	<u>\$ 19,463,104</u>	<u>\$ 21,031,620</u>	<u>\$ 108,628,183</u>	<u>\$ 102,355,929</u>
Deferred inflows of resources	\$ 2,472,516	\$ 3,055,344	\$ 93,928	\$ 273,573	\$ 2,566,444	\$ 3,328,917
Net position:						
Net investment in capital assets	\$ 17,842,076	\$ 15,504,612	\$ 34,870,142	\$ 35,637,392	\$ 52,712,218	\$ 51,142,004
Restricted	7,322,643	6,693,963	517,291	516,385	7,839,934	7,210,348
Unrestricted (deficit)	22,689,927	17,935,631	958,940	(559,740)	23,648,867	17,375,891
Total net position	<u>\$ 47,854,646</u>	<u>\$ 40,134,206</u>	<u>\$ 36,346,373</u>	<u>\$ 35,594,037</u>	<u>\$ 84,201,019</u>	<u>\$ 75,728,243</u>
Total liabilities, deferred inflows and net position	<u>\$ 139,492,241</u>	<u>\$ 124,513,859</u>	<u>\$ 55,903,405</u>	<u>\$ 56,899,230</u>	<u>\$ 195,395,646</u>	<u>\$ 181,413,089</u>

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 \$22,689,927 in the Governmental-activity category of net position. The Business-type activities reported negative unrestricted position of \$958,940 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 \$7,720,440 and business-type activities increased net position by \$752,336. 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, 2021 and 2020**

	Governmental		Business-type		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 5,061,873	\$ 4,494,703	\$ 15,640,137	\$ 15,750,032	\$ 20,702,010	\$ 20,244,735
Operating grants and contributions	30,010,869	28,121,456	3,050,572	3,668,091	33,061,441	31,789,547
General revenues:						
General property taxes	36,683,485	34,934,870	-	-	36,683,485	34,934,870
Other local taxes	14,942,697	14,276,165	-	-	14,942,697	14,276,165
Use of money and property	(267,183)	533,301	-	8,296	(267,183)	541,597
Commonwealth of Virginia non-categorical aid	4,356,459	4,513,924	-	-	4,356,459	4,513,924
Other general revenues	1,251,779	1,316,217	-	-	1,251,779	1,316,217
Total revenues	<u>\$ 92,039,979</u>	<u>\$ 88,190,636</u>	<u>\$ 18,690,709</u>	<u>\$ 19,426,419</u>	<u>\$ 110,730,688</u>	<u>\$ 107,617,055</u>
Expenses:						
General government administration	\$ 8,196,453	\$ 8,106,044	\$ -	\$ -	\$ 8,196,453	\$ 8,106,044
Judicial administration	4,737,723	4,143,228	-	-	4,737,723	4,143,228
Public Safety	29,986,158	23,801,885	-	-	29,986,158	23,801,885
Public works	11,519,457	10,341,805	-	-	11,519,457	10,341,805
Health and welfare	15,831,573	15,810,384	-	-	15,831,573	15,810,384
Education	7,610,850	9,305,976	-	-	7,610,850	9,305,976
Parks, recreation, and cultural	1,955,150	2,187,262	-	-	1,955,150	2,187,262
Community development	1,565,541	1,115,561	-	-	1,565,541	1,115,561
Interest	1,548,769	1,878,322	-	-	1,548,769	1,878,322
Public Utility	-	-	12,683,017	12,012,231	12,683,017	12,012,231
Mass Transit	-	-	5,401,586	4,656,217	5,401,586	4,656,217
Golf Course	-	-	1,221,635	1,187,580	1,221,635	1,187,580
Total expenses	<u>\$ 82,951,674</u>	<u>\$ 76,690,467</u>	<u>\$ 19,306,238</u>	<u>\$ 17,856,028</u>	<u>\$ 102,257,912</u>	<u>\$ 94,546,495</u>
Increase(decrease) in net position before transfers	\$ 9,088,305	\$ 11,500,169	\$ (615,529)	\$ 1,570,391	\$ 8,472,776	\$ 13,070,560
Transfers	<u>\$ (1,367,865)</u>	<u>\$ (1,380,228)</u>	<u>\$ 1,367,865</u>	<u>\$ 1,380,228</u>	<u>\$ -</u>	<u>\$ -</u>
Increase (decrease) in net position	\$ 7,720,440	\$ 10,119,941	\$ 752,336	\$ 2,950,619	\$ 8,472,776	\$ 13,070,560
Net position, beginning of year, as restated	<u>40,134,206</u>	<u>30,014,265</u>	<u>35,594,037</u>	<u>32,643,418</u>	<u>75,728,243</u>	<u>62,657,683</u>
Net position, end of year	<u>\$ 47,854,646</u>	<u>\$ 40,134,206</u>	<u>\$ 36,346,373</u>	<u>\$ 35,594,037</u>	<u>\$ 84,201,019</u>	<u>\$ 75,728,243</u>

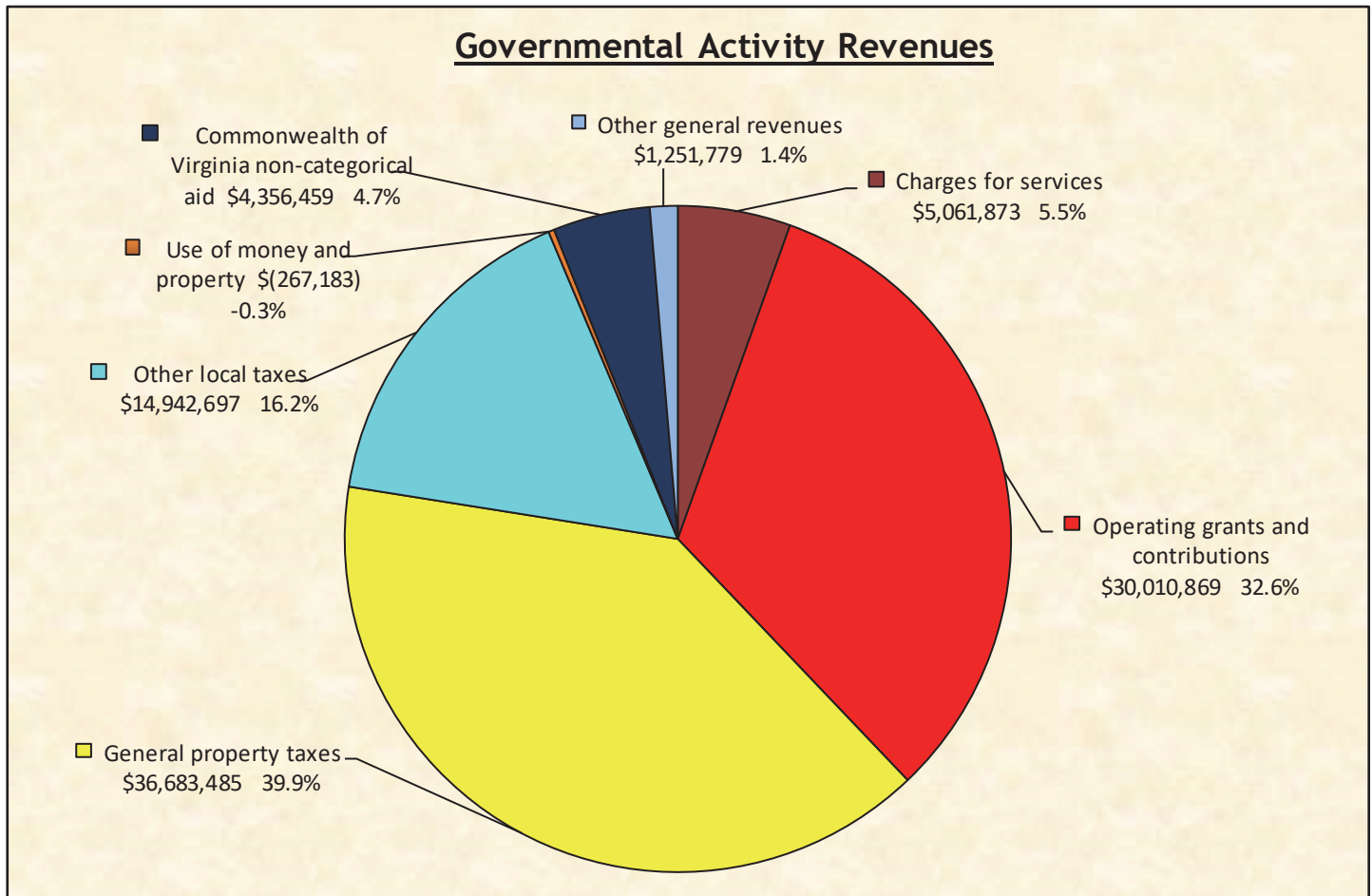


**Government-wide Financial Analysis: (Continued)**

The City’s net position increased \$7,972,776 during the current fiscal year. This increase was reflective of an increase in net position of governmental activities of \$7,720,440 and an increase of \$752,336 in business-type activities. Governmental activity revenues increased from \$88,190,636 to \$92,039,979 an increase of \$3,849,343 or 4.36%. The major factors which contributed to the increase in revenue were an increase in revenues from charges for services of \$567,170, operating grants and contributions of \$1,889,413 and general property and other local taxes of \$2,415,147. These increases in revenue were offset by decreases in use of money and property, non-categorical aid from the Commonwealth and other general revenues totaling \$1,022,387. Governmental expenses increased from \$76,690,467 in FY 20 to \$82,951,674 in FY 21. There were several factors impacting the increase including an increase of \$6,184,273 in public safety, \$1,177,652 in public works, \$594,495 in judicial administration and \$449,480 in community development expenses. These increases were offset by a decrease in education expense of \$1,695,126, \$232,112 in parks, recreation and cultural expenses and interest expense of \$329,553. Education expenses totaled \$7,610,850 in FY 21 compared to \$9,503,706 in FY 20.

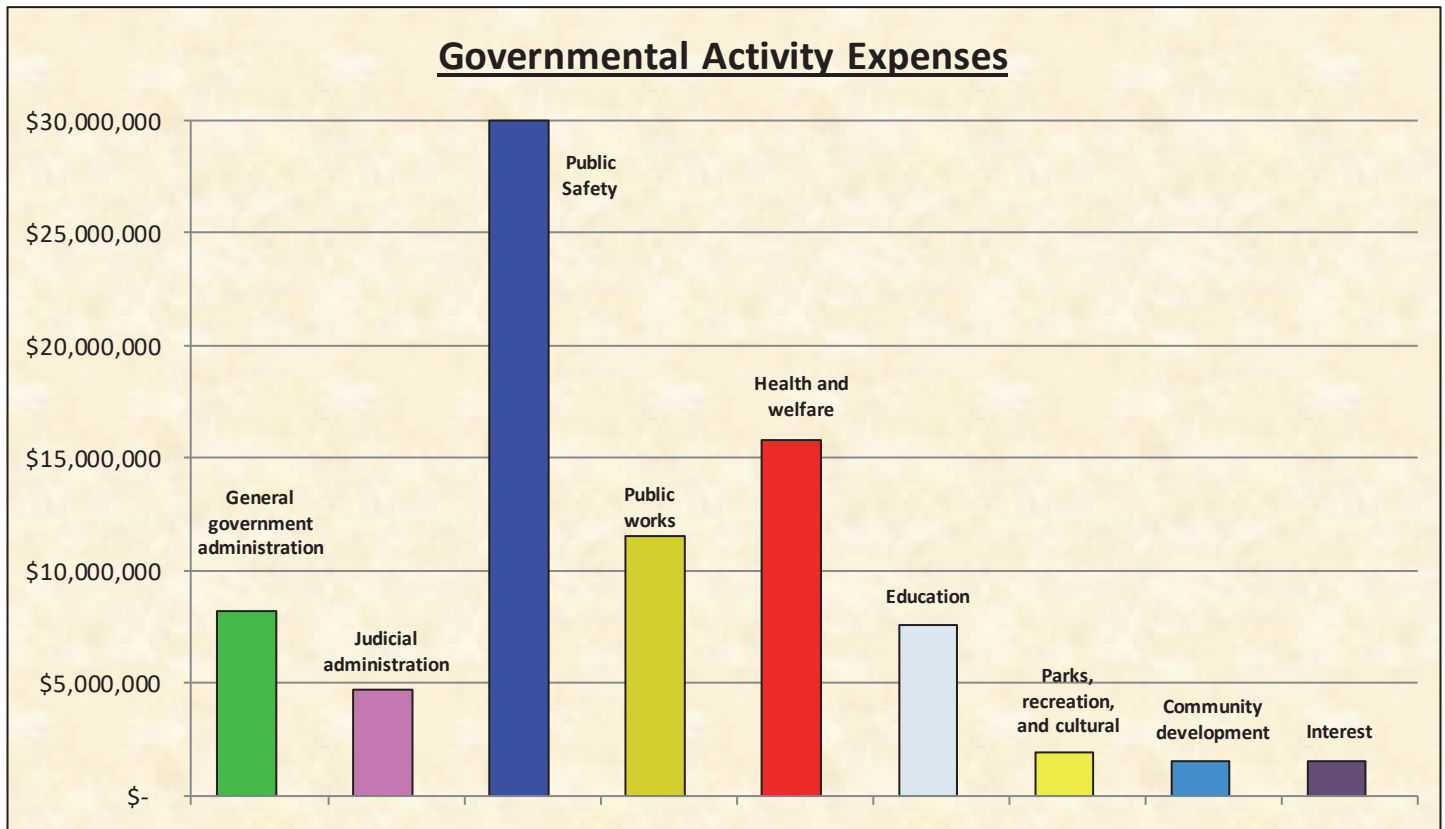
Net position increased in the business-type activities by \$752,336. The Public Utility Fund’s net position increased by \$2,013,640 the Mass Transit Fund’s net position decreased by \$1,190,807 and the Golf Course Fund decreased by \$70,497. Overall business-type activity revenues decreased from \$15,750,032 to \$15,640,137 or \$109,894. The most significant decrease was noted in Mass Transit operating revenue which decreased from \$550,732 FY 20 to \$254,311 in FY 21 or \$296,421. The Golf Course fund operating revenue decreased by \$113,562; these decreases were offset by an increase in The Public Utility fund of \$72,964.

The chart below provides an overview of FY 20-21 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 \$48,103,697 an increase of \$9,279,228 in comparison with the prior year. The City has non-spendable balances comprised of inventory and land held for resale in the amount of \$4,218,602. The City's General Fund has restricted fund balance for debt service in the amount of \$1,260,498. The fund balance of the City's General Fund increased \$8,290,527 during the current fiscal year. Key factors in the increase and decreases are as follows:

- The City's general property taxes increased from \$34,396,701 in FY 20 to \$36,695,007 in FY 20 or \$2,298,306; other local taxes revenue increased from \$14,276,165 to \$14,942,697 or \$666,532.
- Public Safety expenditures decreased from \$21,603,996 in FY 20 to \$21,083,684 in FY 20 or \$520,312.
- Health and welfare expenditures decreased from \$14,473,444 in FY 20 to \$13,343,701 or \$1,129,743.
- Education expenditures decreased from \$8,898,561 in FY 20 to \$7,458,660 or \$1,439,901.
- In FY 21 the General Fund revenues and other financing sources totaled \$76,275,073 while expenditures and other financing uses totaled \$67,984,546 resulting in an excess of \$8,290,527 reference Exhibit 11.

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

The City's other governmental funds reflected an overall increase in fund balances of \$988,701. The Capital Projects fund balance decreased \$93,974 and the other non-major funds increased \$1,082,675.

The Federal and State Projects Fund had revenues and other financing sources of \$12,235,519 and expenditures of \$11,590,595. The Federal and States Projects Fund have an increase in fund balance of \$644,924 in FY 21. 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 \$9,526,843, (\$5,667,190), and (\$2,928,421), respectively. Net position increased for the Public Utility Fund by \$2,003,358, while the Mass Transit Fund had a decrease in net position of \$1,205,385 and the Golf Course Fund had a decrease in net position of \$73,345. Information for these funds was discussed previously in this letter.

## **General Fund Budgetary Highlights**

The differences between the General Fund original budget and final amended budget were caused by an increase in state revenue and federal appropriations. This increase caused the expenditure budget to increase from \$72,110,335 to \$73,369,131 as disclosed on Exhibit 11. Some of the major differences can be summarized as follows:

- An increase of \$209,967 in public works expenditures.
- An increase of \$199,892 in parks, recreation and culture expenditures.
- An increase of \$238,165 in community development expenditures.

The total General Fund revenue budget increased from \$73,338,140 to \$74,596,936 or \$1,258,796. 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, 2021 totaled \$100,658,226 (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 \$3,852,859 in the governmental activities and \$2,633,476 in the business-type activities. The City's governmental capital assets, net of accumulated depreciation, increased by \$371,218. The City's business-type capital assets, net of accumulated depreciation, decreased \$1,034,893. 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 \$73,810,919 and the business-type activities had \$18,571,158. Of these amounts \$37,565,545 comprises debt backed by the full faith and credit of the City as general obligation and Qualified Zone Academy bonds. The City retired \$5,500,000 of tax revenue anticipation notes during the year. As noted earlier the City recorded net pension and net other postemployment benefits in accordance with GASB 68 and GASB 75 respectively and the liabilities total \$31,754,292 at June 30, 2021. More detailed information on the City's long-term obligations can be found in the Note 7 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

Based on available economic data, certain trends for the local economy have continued to show improvements while others have not. As of June 2021, the local unemployment rate is at 11.2% and the state unemployment rate is 4.5%.

This factor was considered in preparing the City's budget for the 2022 fiscal year. The General Fund adopted budget for FY 22 totals \$74,582,232 which is \$142,391 more than the fiscal 2021 amended budget of \$74,596,936. 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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 37,400,389	\$ 725,534	\$ 38,125,923	\$ 7,595,344
Restricted cash	5,759,721	5,814,992	11,574,713	-
Receivables (net of allowance for uncollectibles):				
Property taxes	12,170,137	-	12,170,137	-
Accounts receivable	3,728,522	5,347,852	9,076,374	23,536
Prepaid items	623,442	32,868	656,310	37,500
Inventory	4,218,602	511,205	4,729,807	120,932
Due from Component Unit	1,230,994	-	1,230,994	-
Internal balances	2,187,133	(2,187,133)	-	-
Due from other governmental units	5,016,016	153,422	5,169,438	3,116,032
Total Current Assets	\$ 72,334,956	\$ 10,398,740	\$ 82,733,696	\$ 10,893,344
Capital Assets (net of depreciation):				
Land	\$ 6,046,998	\$ 5,123,939	\$ 11,170,937	\$ 5,000
Historical buildings and improvements	1,779,398	-	1,779,398	-
Construction in progress	3,195,818	662,074	3,857,892	314,456
Land improvements	22,863	148,960	171,823	46,276
Utility plant in service	-	16,687,753	16,687,753	-
Water capacity rights	-	1,657,500	1,657,500	-
Buildings and improvements	27,445,287	17,486,594	44,931,881	4,976,954
Vehicles	2,971,004	2,291,750	5,262,754	1,060,928
Equipment and machinery	2,516,031	1,091,164	3,607,195	614,732
Infrastructure	11,531,093	-	11,531,093	-
Total Capital Assets	\$ 55,508,492	\$ 45,149,734	\$ 100,658,226	\$ 7,018,346
Total Assets	\$ 127,843,448	\$ 55,548,474	\$ 183,391,922	\$ 17,911,690
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	\$ 7,633,841	\$ 965,783	\$ 8,599,624	\$ 11,106,303
OPEB deferrals	3,029,747	75,752	3,105,499	1,097,643
Deferred amount on refunding	985,205	38,930	1,024,135	-
Total Deferred Outflows of Resources	\$ 11,648,793	\$ 1,080,465	\$ 12,729,258	\$ 12,203,946
Total Assets and Deferred Outflows of Resources	\$ 139,492,241	\$ 56,628,939	\$ 196,121,180	\$ 30,115,636
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable and accrued expenses	\$ 3,969,076	\$ 654,047	\$ 4,623,123	\$ 5,136,380
Accrued interest payable	275,025	113,748	388,773	-
Unearned revenue	10,480,920	-	10,480,920	426,026
Customer deposits	57,742	782,082	839,824	-
Due to primary government	-	-	-	1,230,994
Current portion of long-term obligations	1,907,271	786,587	2,693,858	85,251
Total Current Liabilities	\$ 16,690,034	\$ 2,336,464	\$ 19,026,498	\$ 6,878,651
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	\$ 72,475,045	\$ 17,852,174	\$ 90,327,219	\$ 50,718,316
Total Noncurrent Liabilities	\$ 72,475,045	\$ 17,852,174	\$ 90,327,219	\$ 50,718,316
Total Liabilities	\$ 89,165,079	\$ 20,188,638	\$ 109,353,717	\$ 57,596,967
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	\$ 40,908	\$ -	\$ 40,908	\$ -
OPEB deferrals	2,369,111	93,928	2,463,039	638,962
Pension deferrals	62,497	-	62,497	3,760,186
Total Deferred Inflows of Resources	\$ 2,472,516	\$ 93,928	\$ 2,566,444	\$ 4,399,148
<b>NET POSITION</b>				
Net investment in capital assets	\$ 17,842,076	\$ 34,870,142	\$ 52,712,218	\$ 7,018,346
Restricted for:				
Grants	5,302,974	-	5,302,974	-
Debt service	-	517,291	517,291	-
McKenney scholarships	8,547	-	8,547	-
Perpetual care and library	2,011,122	-	2,011,122	-
Unrestricted (deficit)	22,689,927	958,940	23,648,867	(38,898,825)
Total Net Position	\$ 47,854,646	\$ 36,346,373	\$ 84,201,019	\$ (31,880,479)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 139,492,241	\$ 56,628,939	\$ 196,121,180	\$ 30,115,636

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

CITY OF PETERSBURG, VIRGINIA

Statement of Activities  
 Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 8,196,453	\$ 197,449	\$ 294,900	\$ -
Judicial administration	4,737,723	647,827	1,188,745	-
Public safety	29,986,158	799,484	15,269,093	-
Public works	11,519,457	3,396,254	2,240,216	-
Health and welfare	15,949,344	-	10,080,860	-
Education	7,610,850	-	-	-
Parks, recreation, and cultural	1,955,150	5,484	171,136	-
Community development	1,565,541	15,375	883,690	-
Interest and bond issuance costs	1,548,769	-	-	-
Total governmental activities	\$ 83,069,445	\$ 5,061,873	\$ 30,128,640	\$ -
Business-type activities:				
Public utility	\$ 12,683,017	\$ 14,495,995	\$ -	\$ -
Mass transit	5,401,586	245,732	3,049,666	-
Golf course	1,221,635	887,952	-	-
Total business-type activities	\$ 19,306,238	\$ 15,629,679	\$ 3,049,666	\$ -
Total primary government	\$ 102,375,683	\$ 20,691,552	\$ 33,178,306	\$ -
<b>COMPONENT UNIT:</b>				
School Board	\$ 59,078,515	\$ 33,559	\$ 31,155,226	\$ -

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

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (7,704,104)	\$ -	\$ (7,704,104)	\$ -
(2,901,151)	-	(2,901,151)	-
(13,917,581)	-	(13,917,581)	-
(5,882,987)	-	(5,882,987)	-
(5,868,484)	-	(5,868,484)	-
(7,610,850)	-	(7,610,850)	-
(1,778,530)	-	(1,778,530)	-
(666,476)	-	(666,476)	-
<u>(1,548,769)</u>	<u>-</u>	<u>(1,548,769)</u>	<u>-</u>
<u>\$ (47,878,932)</u>	<u>\$ -</u>	<u>\$ (47,878,932)</u>	<u>\$ -</u>
\$ -	\$ 1,812,978	\$ 1,812,978	\$ -
-	(2,106,188)	(2,106,188)	-
-	(333,683)	(333,683)	-
<u>\$ -</u>	<u>\$ (626,893)</u>	<u>\$ (626,893)</u>	<u>\$ -</u>
<u>\$ (47,878,932)</u>	<u>\$ (626,893)</u>	<u>\$ (48,505,825)</u>	<u>\$ -</u>
			<u>\$ (27,889,730)</u>
\$ 36,683,485	\$ -	\$ 36,683,485	\$ -
4,361,778	-	4,361,778	-
1,978,526	-	1,978,526	-
2,469,453	-	2,469,453	-
812,060	-	812,060	-
629,072	-	629,072	-
3,364,238	-	3,364,238	-
1,327,570	-	1,327,570	-
(267,183)	906	(266,277)	24,429
1,251,779	10,458	1,262,237	1,360,861
4,356,459	-	4,356,459	19,429,180
-	-	-	7,976,100
<u>(1,367,865)</u>	<u>1,367,865</u>	<u>-</u>	<u>-</u>
<u>\$ 55,599,372</u>	<u>\$ 1,379,229</u>	<u>\$ 56,978,601</u>	<u>\$ 28,790,570</u>
<u>\$ 7,720,440</u>	<u>\$ 752,336</u>	<u>\$ 8,472,776</u>	<u>\$ 900,840</u>
<u>40,134,206</u>	<u>35,594,037</u>	<u>75,728,243</u>	<u>(32,781,319)</u>
<u>\$ 47,854,646</u>	<u>\$ 36,346,373</u>	<u>\$ 84,201,019</u>	<u>\$ (31,880,479)</u>

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## **Fund Financial Statements**



Balance Sheet - Governmental Funds  
At June 30, 2021

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Non Major Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,121,490	\$ 1,773,991	\$ 15,504,908	\$ 37,400,389
Restricted cash	1,260,498	2,479,554	2,019,669	5,759,721
Receivables (Net of allowances for uncollectibles):				
Taxes	12,170,137	-	-	12,170,137
Accounts	3,263,116	-	465,406	3,728,522
Prepaid items	587,031	-	36,411	623,442
Inventory and land held for resale	4,218,602	-	-	4,218,602
Due from other funds	404,799	4,487,003	125,166	5,016,968
Due from Component Unit School Board	4,301,480	-	-	4,301,480
Due from other governmental units	4,611,378	20,400	384,238	5,016,016
Total assets	<u>\$ 50,938,531</u>	<u>\$ 8,760,948</u>	<u>\$ 18,535,798</u>	<u>\$ 78,235,277</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,027,306	\$ 157,532	\$ 716,410	\$ 2,901,248
Accrued salaries payable	992,142	-	75,686	1,067,828
Deposits held	57,742	-	-	57,742
Unearned revenue	3,936,000	-	6,544,920	10,480,920
Due to other funds	2,498,455	-	331,380	2,829,835
Due to Component Unit School Board	-	3,070,486	-	3,070,486
Total liabilities	<u>\$ 9,511,645</u>	<u>\$ 3,228,018</u>	<u>\$ 7,668,396</u>	<u>\$ 20,408,059</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	<u>\$ 9,723,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,723,521</u>
<b>FUND BALANCE</b>				
Nonspendable:				
Inventory and land held for resale	\$ 4,218,602	\$ -	\$ -	\$ 4,218,602
Cemetery Perpetual care and library	-	-	2,011,122	2,011,122
McKenney scholarships	-	-	8,547	8,547
Interfund loans	404,799	4,487,003	-	4,891,802
Prepaid items	587,031	-	36,411	623,442
Restricted:				
Grants	-	-	5,302,974	5,302,974
Debt service	1,260,498	-	-	1,260,498
Capital projects	-	1,045,927	-	1,045,927
Committed:				
Stormwater	-	-	3,508,348	3,508,348
Unassigned (deficit)	<u>25,232,435</u>	<u>-</u>	<u>-</u>	<u>25,232,435</u>
Total fund balances	<u>\$ 31,703,365</u>	<u>\$ 5,532,930</u>	<u>\$ 10,867,402</u>	<u>\$ 48,103,697</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 50,938,531</u>	<u>\$ 8,760,948</u>	<u>\$ 18,535,798</u>	<u>\$ 78,235,277</u>
Fund balances above				\$ 48,103,697
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.				55,508,492
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.				(275,025)
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				(62,497)
Deferred inflows related to measurement of net OPEB liability				(2,369,111)
Deferred outflows - OPEB deferrals				3,029,747
Deferred outflows - pension deferrals				7,633,841
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.				9,682,613
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.				(73,397,111)
Net position of General Government Activities				<u>\$ 47,854,646</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, 2021

	Governmental Fund Types			
	General	Capital Projects	Non- Major Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 36,695,007	\$ -	\$ -	\$ 36,695,007
Other local taxes	14,942,697	-	-	14,942,697
Permits, privilege fees and regulatory licenses	619,222	-	-	619,222
Fines and forfeitures	525,460	-	-	525,460
Revenue from use of money and property	(263,430)	10,063	(13,816)	(267,183)
Charges for services	2,703,811	-	1,213,380	3,917,191
Miscellaneous	1,095,783	-	155,996	1,251,779
Recovered costs	157,838	-	12,550	170,388
Intergovernmental:				
Commonwealth	15,066,943	371,230	6,842,492	22,280,665
Federal	4,731,742	-	7,472,692	12,204,434
Total revenues	<u>\$ 76,275,073</u>	<u>\$ 381,293</u>	<u>\$ 15,683,294</u>	<u>\$ 92,339,660</u>
Expenditures:				
Current:				
General government administration	\$ 7,507,691	\$ -	\$ -	\$ 7,507,691
Judicial administration	3,721,333	-	576,988	4,298,321
Public safety	21,083,684	-	5,046,241	26,129,925
Public works	5,289,266	475,267	6,694,919	12,459,452
Health and welfare	13,343,701	-	1,409,280	14,752,981
Education	7,458,660	-	-	7,458,660
Parks, recreation, and cultural	1,574,889	-	-	1,574,889
Community development	790,753	-	917,940	1,708,693
Nondepartmental	984,043	-	-	984,043
Debt service:				
Principal retirement	3,199,171	-	60,000	3,259,171
Interest and other fiscal charges	1,469,880	-	88,861	1,558,741
Total expenditures	<u>\$ 66,423,071</u>	<u>\$ 475,267</u>	<u>\$ 14,794,229</u>	<u>\$ 81,692,567</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,852,002</u>	<u>\$ (93,974)</u>	<u>\$ 889,065</u>	<u>\$ 10,647,093</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 193,610	\$ 193,610
Transfers (out)	(1,561,475)	-	-	(1,561,475)
Total other financing sources (uses)	<u>\$ (1,561,475)</u>	<u>\$ -</u>	<u>\$ 193,610</u>	<u>\$ (1,367,865)</u>
Changes in fund balance	\$ 8,290,527	\$ (93,974)	\$ 1,082,675	\$ 9,279,228
Fund balances at beginning of year	23,412,838	5,626,904	9,784,727	38,824,469
Fund balances at end of year	<u>\$ 31,703,365</u>	<u>\$ 5,532,930</u>	<u>\$ 10,867,402</u>	<u>\$ 48,103,697</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, 2021

	<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 9,279,228
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	\$ 4,224,077
Depreciation expense	<u>(3,852,859)</u>
	371,218
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	\$ (11,522)
Change in deferred inflows related to the measurement of net pension liability	1,180,378
Change in deferred inflows related to the measurement of net OPEB liability	<u>(590,904)</u>
	577,952
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:	
Principal retired on debt	\$ 3,259,171
Premium on debt	45,322
Discount on debt and capital leases	<u>(10,383)</u>
	3,294,110
Change in deferred outflows related to pensions	2,122,314
Change in deferred outflows related to OPEB	1,050,923
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	\$ 117,388
Change in net pension liability	(8,582,510)
Change in net OPEB liability	(485,216)
Change in deferred amount on refunding	(45,732)
Change in accrued interest payable	<u>20,765</u>
	(8,975,305)
Change in net position of governmental activities	<u>\$ 7,720,440</u>

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

Statement of Net Position  
Proprietary Funds  
June 30, 2021

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 7,705,144	\$ -	\$ -	\$ 7,705,144
Restricted cash	5,814,992	-	-	5,814,992
Receivables (net of allowance for uncollectibles):				
Accounts receivable	5,347,852	-	-	5,347,852
Due from other governmental units	-	153,422	-	153,422
Due from other funds	77,356	19,433	-	96,789
Prepaid items	30,646	2,222	-	32,868
Inventory	266,695	233,681	10,829	511,205
Total Current Assets	\$ 19,242,685	\$ 408,758	\$ 10,829	\$ 19,662,272
Capital assets (net of depreciation):				
Land	\$ 173,898	\$ 1,566,994	\$ 3,383,047	\$ 5,123,939
Construction in progress	662,074	-	-	662,074
Land improvements	-	-	148,960	148,960
Utility plant in service	16,687,753	-	-	16,687,753
Buildings and improvements	-	16,673,681	812,913	17,486,594
Water capacity rights	1,657,500	-	-	1,657,500
Vehicles	306,987	1,984,763	-	2,291,750
Equipment and machinery	631,213	228,611	231,340	1,091,164
Total capital assets (net of accumulated depreciation)	\$ 20,119,425	\$ 20,454,049	\$ 4,576,260	\$ 45,149,734
Total Assets	\$ 39,362,110	\$ 20,862,807	\$ 4,587,089	\$ 64,812,006
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	\$ 338,748	\$ 496,276	\$ 130,759	\$ 965,783
OPEB deferrals	28,108	39,862	7,782	75,752
Deferred amount on refunding	-	-	38,930	38,930
Total Deferred Outflows or Resources	\$ 366,856	\$ 536,138	\$ 177,471	\$ 1,080,465
Total Assets and Deferred Outflows of Resources	\$ 39,728,966	\$ 21,398,945	\$ 4,764,560	\$ 65,892,471
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable and accrued expenses	\$ 441,711	\$ 66,132	\$ 20,473	\$ 528,316
Reconciled overdraft	-	4,596,135	2,383,475	6,979,610
Accrued salaries payable	45,920	65,621	14,190	125,731
Accrued interest payable	77,516	-	36,232	113,748
Due to other funds	2,004,142	-	279,780	2,283,922
Customers' deposits payable	782,082	-	-	782,082
Current portion of compensated absences	5,972	12,495	3,694	22,161
Current portion of capital leases	375,309	-	-	375,309
Current portion of premium on bonds issued	24,612	-	24,404	49,016
Current portion of general obligation bonds	230,000	-	110,101	340,101
Total Current Liabilities	\$ 3,987,264	\$ 4,740,383	\$ 2,872,349	\$ 11,599,996
Noncurrent Liabilities:				
Noncurrent portion of compensated absences	\$ 53,749	\$ 112,452	\$ 35,455	\$ 201,656
Noncurrent portion of capital leases	3,255,018	-	-	3,255,018
Noncurrent portion of premium on bonds issued	490,177	-	439,271	929,448
Noncurrent portion of net pension liability	1,061,985	1,506,158	294,015	2,862,158
Noncurrent portion of net OPEB liability	133,323	189,087	36,911	359,321
Noncurrent portion of general obligation bonds	7,045,000	-	3,199,573	10,244,573
Total Noncurrent Liabilities	\$ 12,039,252	\$ 1,807,697	\$ 4,005,225	\$ 17,852,174
Total Liabilities	\$ 16,026,516	\$ 6,548,080	\$ 6,877,574	\$ 29,452,170
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	\$ -	\$ -	\$ -	\$ -
OPEB deferrals	34,852	49,428	9,648	93,928
Total Deferred Inflows or Resources	\$ 34,852	\$ 49,428	\$ 9,648	\$ 93,928
<b>NET POSITION</b>				
Net investment in capital assets	\$ 13,613,182	\$ 20,454,049	\$ 802,911	\$ 34,870,142
Restricted for:				
Debt service	517,291	-	-	517,291
Unrestricted	9,537,125	(5,652,612)	(2,925,573)	958,940
Total Net Position	\$ 23,667,598	\$ 14,801,437	\$ (2,122,662)	\$ 36,346,373
Total Liabilities, Deferred Inflows of resources, and Net Position	\$ 39,728,966	\$ 21,398,945	\$ 4,764,560	\$ 65,892,471

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, 2021

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
Operating revenues:				
Charges for services	\$ 14,242,404	\$ 245,732	\$ 887,952	\$ 15,376,088
Connection fees	253,591	-	-	253,591
Miscellaneous income	1,879	8,579	-	10,458
Total operating revenues	<u>\$ 14,497,874</u>	<u>\$ 254,311</u>	<u>\$ 887,952</u>	<u>\$ 15,640,137</u>
Operating expenses:				
Personal services	\$ 1,566,407	\$ 2,294,048	\$ 433,720	\$ 4,294,175
Fringe benefits	679,320	944,206	167,189	1,790,715
Contractual services	645,754	274,598	133,807	1,054,159
Wastewater treatment services	4,914,499	-	-	4,914,499
Water purchased for resale	1,563,802	-	-	1,563,802
Other charges	1,463,099	731,714	211,508	2,406,321
Depreciation	1,399,937	1,095,995	137,544	2,633,476
Total operating expenses	<u>\$ 12,232,818</u>	<u>\$ 5,340,561</u>	<u>\$ 1,083,768</u>	<u>\$ 18,657,147</u>
Operating income (loss)	<u>\$ 2,265,056</u>	<u>\$ (5,086,250)</u>	<u>\$ (195,816)</u>	<u>\$ (3,017,010)</u>
Nonoperating revenues (expenses):				
State grants	\$ -	\$ 859,950	\$ -	\$ 859,950
Federal grants	-	2,189,716	-	2,189,716
Interest income	906	-	-	906
Loss on disposal of assets	-	(61,025)	-	(61,025)
Interest expense	(450,199)	-	(137,867)	(588,066)
Total nonoperating revenues (expenses)	<u>\$ (449,293)</u>	<u>\$ 2,988,641</u>	<u>\$ (137,867)</u>	<u>\$ 2,401,481</u>
Income (loss) before transfers	\$ 1,815,763	\$ (2,097,609)	\$ (333,683)	\$ (615,529)
Transfers in	197,877	906,802	263,186	1,367,865
Changes in net position	\$ 2,013,640	\$ (1,190,807)	\$ (70,497)	\$ 752,336
Net position (deficit) at beginning of year	<u>21,653,958</u>	<u>15,992,244</u>	<u>(2,052,165)</u>	<u>35,594,037</u>
Net position (deficit) at end of year	<u>\$ 23,667,598</u>	<u>\$ 14,801,437</u>	<u>\$ (2,122,662)</u>	<u>\$ 36,346,373</u>

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

Statement of Cash Flows --  
 Proprietary Funds  
 Year Ended June 30, 2021

	Public Utility Fund	Mass Transit Fund	Golf Course Fund	Totals
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 14,461,155	\$ 254,311	\$ 887,952	\$ 15,603,418
Payments to employees (including fringe benefits)	(2,025,874)	(2,901,631)	(545,602)	(5,473,107)
Payments to suppliers	(8,583,194)	(1,036,010)	(334,907)	(9,954,111)
Net cash provided by (used for) operating activities	\$ 3,852,087	\$ (3,683,330)	\$ 7,443	\$ 176,200
<b>Cash flows from capital and related financing activities:</b>				
Purchase and construction of capital assets	\$ (1,495,673)	\$ (181,100)	\$ -	\$ (1,676,773)
Proceeds from capital assets	-	17,165	-	17,165
Interest expense	(477,364)	-	(161,502)	(638,866)
Retirement of indebtedness	(577,780)	-	(104,522)	(682,302)
Net cash provided by (used for) capital and related financing activities	\$ (2,550,817)	\$ (163,935)	\$ (266,024)	\$ (2,980,776)
<b>Cash flows from noncapital financing activities:</b>				
State and federal grants	\$ -	\$ 3,181,150	\$ -	\$ 3,181,150
Negative cash balances implicitly financed	-	(229,984)	(4,605)	(234,589)
Transfers (to) and from other funds	404,833	896,099	263,186	1,564,118
Net cash provided by (used for) noncapital financing activities	\$ 404,833	\$ 3,847,265	\$ 258,581	\$ 4,510,679
<b>Cash flows from investing activities:</b>				
Interest income	\$ 906	\$ -	\$ -	\$ 906
Increase in cash and cash equivalents	\$ 1,707,009	\$ -	\$ -	\$ 1,707,009
Cash and cash equivalents at beginning of year	11,813,127	-	-	11,813,127
Cash and cash equivalents at end of year	\$ 13,520,136	\$ -	\$ -	\$ 13,520,136
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 2,265,056	\$ (5,086,250)	\$ (195,816)	\$ (3,017,010)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation	\$ 1,399,937	\$ 1,095,995	\$ 137,544	\$ 2,633,476
Changes in operating activities:				
(Increase) decrease in:				
Accounts receivable and due from other governments	(89,705)	-	-	(89,705)
Inventory	11,361	9,846	2,648	23,855
Prepaid items	(27,990)	(2,222)	-	(30,212)
Increase (decrease) in:				
Accounts payable	20,589	(37,322)	7,760	(8,973)
Accrued salaries payable	1,492	2,132	461	4,085
Customer deposits	52,986	-	-	52,986
Pension deferred outflows of resources	(93,179)	(132,150)	(25,796)	(251,125)
Pension deferred inflows of resources	(53,246)	(79,075)	(23,045)	(155,366)
Net pension liability	376,810	534,410	104,322	1,015,542
OPEB deferred outflows of resources	(4,075)	(5,776)	(1,128)	(10,979)
OPEB deferred inflows of resources	(9,007)	(12,777)	(2,495)	(24,279)
Net OPEB liability	2,800	3,975	775	7,550
Unearned revenue	-	-	-	-
Compensated absences	(1,742)	25,884	2,213	26,355
Total adjustments	\$ 1,587,031	\$ 1,402,920	\$ 203,259	\$ 3,193,210
Net cash provided by (used for) operating activities	\$ 3,852,087	\$ (3,683,330)	\$ 7,443	\$ 176,200
Reconciliation of Cash to Statement of Net Position:				
Cash and cash equivalents	\$ 7,705,144	\$ -	\$ -	\$ 7,705,144
Restricted cash - SCWA - debt service	5,814,992	-	-	5,814,992
Negative cash balances implicitly financed	-	(4,596,135)	(2,383,475)	(6,979,610)
Total cash and cash equivalents at end of year	\$ 13,520,136	\$ (4,596,135)	\$ (2,383,475)	\$ 6,540,526

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

Statement of Fiduciary Net Position - Fiduciary Funds  
At June 30, 2021

	<u>Hospital Trust Fund</u>		<u>Private- Purpose Trust</u>	<u>Custodial Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$	555,633	\$	161,414
Land held for resale		<u>-</u>		<u>2,500,000</u>
Total assets	\$	<u>555,633</u>	\$	<u>2,661,414</u>
<b>LIABILITIES</b>				
Accounts payable	\$	<u>135,000</u>	\$	<u>-</u>
Total liabilities	\$	<u>135,000</u>	\$	<u>-</u>
<b>NET POSITION</b>				
Restricted For:				
Held for hospitalization care for welfare recipients	\$	420,633	\$	-
Social services clients		-		65,495
Economic development		-		2,500,000
Drug funds		<u>-</u>		<u>95,919</u>
Total net position	\$	<u>420,633</u>	\$	<u>2,661,414</u>
Total liabilities and net position	\$	<u>555,633</u>	\$	<u>2,661,414</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, 2021

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	<u>Hospital Trust Fund</u>		<u>Private- Purpose Trust</u>		<u>Custodial Funds</u>
<b>Additions</b>					
Investment income	\$	23	\$	-	
<b>Deductions</b>					
Drug Seizure disbursements	\$	-	\$	3,310	
Change in net position	\$	23	\$	(3,310)	
Net position - beginning of the year, as restated		420,610		2,664,724	
Net position - end of the year	\$	<u>420,633</u>	\$	<u>2,661,414</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, 2021

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## **Note 1—Summary of Significant Accounting Policies:**

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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, 2021.

*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, 2021.

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, 2021 (Continued)

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

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**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, 2021 were \$4,914,499. 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, 2021 were \$3,615,820. 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, 2021 were \$1,563,802. 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, 2021 (Continued)

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

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#### 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.

## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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#### **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)**

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**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)**

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**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)**

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**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.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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

1. Governmental Funds: (Continued)

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

2. Proprietary Funds

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

Enterprise Funds

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

The City reports the following major enterprise funds.

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

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

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

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

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

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**E. Budgets and Budgetary Accounting**

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

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

**F. Cash and Cash Equivalents**

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

**G. Investments**

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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**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 \$10,767,666 at June 30, 2021 and is comprised of the following:

Property taxes - General Fund	\$	1,049,627
Refuse and consumer's utility taxes - General Fund		1,687,036
Stormwater fees		816,303
Public Utility Accounts		7,214,700
Total	\$	<u>10,767,666</u>

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

**I. South Central Wastewater Authority Water Capacity Rights**

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

**J. Capital Assets**

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



CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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**J. Capital Assets: (Continued)**

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

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

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

**K. Compensated Absences**

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

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

**L. Property Taxes**

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

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

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**L. Property Taxes: (Continued)**

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

**M. Inventory and Land Held for Resale**

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

**N. Long-term Obligations**

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

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

**O. Fund Equity**

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

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

## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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#### **O. Fund Equity: (Continued)**

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

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

The City Council establishes and modifies or rescinds fund balance commitments at year-end by passage of a resolution. The City Council has not delegated this authority to assign amounts to any individual for the fiscal year ending June 30, 2021.

As of June 30, 2021, there was a deficit net position in the Golf Course Fund (\$2,122,662).

#### **P. Use of Estimates**

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

#### **Q. Internal and Intra-entity Activity**

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

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

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

#### **R. Restricted Cash**

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

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

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**S. Net Position**

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

**T. Deferred Outflows/Inflows of Resources**

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

## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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

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

#### U. Pensions

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

### Note 2—Deposits and Investments:

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#### Deposits

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

#### Investments

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**Note 2—Deposits and Investments: (Continued)**

Custodial Credit Risk (Investments)

The City’s investment policy provides that securities purchased for the City shall be held by the City Treasury or by the Treasurer’s custodian. If held by a custodian, the securities must be in the City’s name or in the custodian’s nominee name and identifiable on the custodian’s books as belonging to the City. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller) to the transaction. At June 30, 2021 all of the City’s investments were held in accordance with this policy.

Credit Risk of Debt Securities

The City’s investment policy is to follow the legal limits set forth in the Code of Virginia, 2.2-45, Investment of Public Funds Act, which describes the types of investments permitted. The City has not established credit risk limits for each category of investment; however, the City has an emphasis on high credit quality and known marketability. The City has contracted with investment advisors to ensure compliance. The City’s rated debt investments as of June 30, 2021 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	\$ 320,324	\$ -
Virginia State Non-Arbitrage Program (SNAP)	5,787,307	-
U.S. Treasury Money Market Funds	2,739,910	-
Total Primary Government investments	\$ 8,847,541	\$ -

Interest Rate Risk

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

**Investment Maturities (in years)**

Investment Type	Fair Value	Investment Maturities (in years)	
		<1 Year	1-5 Years
Primary Government:			
Local Government Investment Pool	\$ 320,324	\$ 320,324	\$ -
Virginia State Non-Arbitrage Program (SNAP)	5,787,307	5,787,307	-
Total Primary Government investments	\$ 6,107,631	\$ 6,107,631	\$ -

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (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, 2021, the City has receivables from other governments as follows:

	<b>Primary Government</b>	
	<b>Governmental</b>	<b>Business-type</b>
	<b>Funds</b>	<b>Funds</b>
	<u>                    </u>	<u>                    </u>
Commonwealth of Virginia:		
Local sales taxes	\$ 749,134	\$ -
Miscellaneous grants	185,640	-
Shared expenses	161,112	-
Public assistance and welfare administration	232,294	-
Comprehensive services	497,060	-
Mass Transit	-	153,422
PPTRA	2,294,331	-
Communications tax	211,159	-
Federal Government:		
Public assistance and welfare administration	317,875	-
Community Development Block Grant	316,902	-
Miscellaneous grants	50,509	-
	<u>                    </u>	<u>                    </u>
Total due from other governments	<u>\$ 5,016,016</u>	<u>\$ 153,422</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (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, 2021 are presented below:

Fund	Due From Other Funds/ Component Unit	Due to Other Funds/ Component Unit
Interfund Balances:		
General	\$ 404,799	\$ 2,498,455
Capital projects	4,487,003	-
Enterprise:		
Public Utility	77,356	2,004,142
Mass Transit	19,433	-
Golf Course	-	279,780
Nonmajor funds:		
Federal and State Projects	-	81,309
Community Development Act	5,209	-
Stormwater	119,957	-
Blandford Cemetery Perpetual Care	-	250,071
Total	<u>\$ 5,113,757</u>	<u>\$ 5,113,757</u>
Reporting Entity:		
Primary Government - General Fund	\$ 4,301,480	\$ -
Primary Government - Capital Projects Fund	-	3,070,486
School Board	-	1,230,994
Total	<u>\$ 4,301,480</u>	<u>\$ 4,301,480</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, 2021, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
Major Funds:		
General	\$ -	\$ 1,561,475
Capital Projects Fund	-	-
Public Utility Fund	197,877	-
Mass Transit Fund	906,802	-
Golf Course Fund	263,186	-
Nonmajor Funds:		
Stormwater Fund	148,861	-
Federal and State Grants Fund	44,749	-
Total	<u>\$ 1,561,475</u>	<u>\$ 1,561,475</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, 2021 (Continued)

**Note 5—Inventory:**

At June 30, 2021, the City has inventory recorded in the various funds as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Expendable supplies	\$ 10,903	\$ 511,205
Land and building inventory held for resale:		
324 Commercial/residential lots owned in the City	4,175,518	-
8 Commercial buildings owned in Dinwiddie County	32,181	-
Totals	<u>\$ 4,218,602</u>	<u>\$ 511,205</u>

The following is a summary of changes in inventory held for resale for the fiscal year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Purchases</u>	<u>Sales</u>	<u>Balance June 30, 2021</u>
Land and building inventory held for resale:				
312 Commercial/residential lots owned in the City	\$ 4,660,668	\$ -	\$ 485,150	\$ 4,175,518
8 Commercial buildings owned in Dinwiddie County	32,181	-	-	32,181
Totals	<u>\$ 4,692,849</u>	<u>\$ -</u>	<u>\$ 485,150</u>	<u>\$ 4,207,699</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (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, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,046,998	\$ -	\$ -	\$ 6,046,998
Historical buildings and improvements	1,767,995	11,403	-	1,779,398
Construction in progress - city projects	1,467,562	2,309,902	581,646	3,195,818
Total capital assets not being depreciated	<u>\$ 9,282,555</u>	<u>\$ 2,321,305</u>	<u>\$ 581,646</u>	<u>\$ 11,022,214</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 78,389,521	\$ 403,946	\$ -	\$ 78,793,467
Land improvements	34,959	-	-	34,959
Infrastructure	110,165,053	361,488	-	110,526,541
Vehicles	14,019,518	907,880	1,416,962	13,510,436
Equipment (other than vehicles)	15,329,587	811,104	-	16,140,691
Total capital assets being depreciated	<u>\$ 217,938,638</u>	<u>\$ 2,484,418</u>	<u>\$ 1,416,962</u>	<u>\$ 219,006,094</u>
Accumulated depreciation:				
Buildings and improvements	\$ 49,815,592	\$ 1,532,588	\$ -	\$ 51,348,180
Land improvements	8,064	4,032	-	12,096
Infrastructure	98,323,051	672,397	-	98,995,448
Vehicles	11,099,675	856,719	1,416,962	10,539,432
Equipment (other than vehicles)	12,837,537	787,123	-	13,624,660
Total accumulated depreciation	<u>\$ 172,083,919</u>	<u>\$ 3,852,859</u>	<u>\$ 1,416,962</u>	<u>\$ 174,519,816</u>
Total capital assets being depreciated, net	<u>\$ 45,854,719</u>	<u>\$ (1,368,441)</u>	<u>\$ -</u>	<u>\$ 44,486,278</u>
Governmental Activities capital assets, net	<u>\$ 55,137,274</u>	<u>\$ 952,864</u>	<u>\$ 581,646</u>	<u>\$ 55,508,492</u>
Reconciliation of primary government net position net investment in capital assets:				
Net capital assets				<u>\$ 55,508,492</u>
Long-term debt applicable to capital assets:				
General obligation bonds			\$ 35,633,688	
School Literary Fund loan			50,000	
School Qualified Zone Academy Bonds (SQZAB's)			1,931,857	
Cash deposited in School Qualified Zone Academy Bonds Funds			(992,504)	
Premium on bonds payable			861,110	
Deferred amount on refunding			(985,205)	
Discount on bonds payable			(228,431)	
Stormwater revenue bond			<u>2,060,000</u>	
				\$ 38,330,515
Less-debt proceeds received but not expended on capital assets at year end				<u>(664,099)</u>
Net long-term debt, as adjusted				<u>\$ 37,666,416</u>
Net investment in capital assets				<u>\$ 17,842,076</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (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, 2021:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
<b>Business-type Activities:</b>				
<b>Public Utility Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 173,898	\$ -	\$ -	\$ 173,898
Construction in progress	431,938	1,133,870	903,734	662,074
Total capital assets not being depreciated	<u>\$ 605,836</u>	<u>\$ 1,133,870</u>	<u>\$ 903,734</u>	<u>\$ 835,972</u>
Capital assets being depreciated:				
Utility plant in service	\$ 37,430,433	\$ 903,734	\$ -	\$ 38,334,167
Water capacity rights	4,420,000	-	-	4,420,000
Vehicles	1,214,690	215,193	-	1,429,883
Equipment and machinery	2,385,767	146,610	-	2,532,377
Total capital assets being depreciated	<u>\$ 45,450,890</u>	<u>\$ 1,265,537</u>	<u>\$ -</u>	<u>\$ 46,716,427</u>
Accumulated depreciation:				
Utility plant in service	\$ 20,613,367	\$ 1,033,047	\$ -	\$ 21,646,414
Water capacity rights	2,652,000	110,500	-	2,762,500
Vehicles	1,061,780	61,116	-	1,122,896
Equipment and machinery	1,705,890	195,274	-	1,901,164
Total accumulated depreciation	<u>\$ 26,033,037</u>	<u>\$ 1,399,937</u>	<u>\$ -</u>	<u>\$ 27,432,974</u>
Total capital assets being depreciated, net	<u>\$ 19,417,853</u>	<u>\$ (134,400)</u>	<u>\$ -</u>	<u>\$ 19,283,453</u>
Public Utility Fund capital assets, net	<u>\$ 20,023,689</u>	<u>\$ 999,470</u>	<u>\$ 903,734</u>	<u>\$ 20,119,425</u>
Reconciliation of Public Utility Fund net position net investment in capital assets:				
Net capital assets				<u>\$ 20,119,425</u>
Long-term debt applicable to capital assets:				
General obligation bonds		\$ 7,275,000		
Premium on bonds issued		514,789		
Capital lease		<u>3,630,327</u>		\$ 11,420,116
Less-debt proceeds received but not expended on capital assets at year end				<u>(4,913,873)</u>
Net long-term debt, as adjusted				<u>\$ 6,506,243</u>
Net investment in capital assets				<u>\$ 13,613,182</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (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, 2021:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
<b>Business-type Activities:</b>				
<b>Mass Transit Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,566,994	\$ -	\$ -	\$ 1,566,994
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	\$ 25,506,763	\$ 5,800	\$ -	\$ 25,512,563
Vehicles	4,923,181	102,455	425,013	4,600,623
Equipment and machinery	<u>1,116,112</u>	<u>72,845</u>	<u>-</u>	<u>1,188,957</u>
Total capital assets being depreciated	<u>\$ 31,546,056</u>	<u>\$ 181,100</u>	<u>\$ 425,013</u>	<u>\$ 31,302,143</u>
Accumulated depreciation:				
Buildings and improvements	\$ 8,225,735	\$ 613,147	\$ -	\$ 8,838,882
Vehicles	2,539,939	422,744	346,823	2,615,860
Equipment and machinery	<u>900,242</u>	<u>60,104</u>	<u>-</u>	<u>960,346</u>
Total accumulated depreciation	<u>\$ 11,665,916</u>	<u>\$ 1,095,995</u>	<u>\$ 346,823</u>	<u>\$ 12,415,088</u>
Total capital assets being depreciated, net	<u>\$ 19,880,140</u>	<u>\$ (914,895)</u>	<u>\$ 78,190</u>	<u>\$ 18,887,055</u>
Mass Transit Fund capital assets, net	<u><u>\$ 21,447,134</u></u>	<u><u>\$ (914,895)</u></u>	<u><u>\$ 78,190</u></u>	<u><u>\$ 20,454,049</u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (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, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<b>Business-type Activities:</b>				
<b>Golf Course</b>				
Capital assets, not being depreciated:				
Land	\$ 3,383,047	\$ -	\$ -	\$ 3,383,047
Total capital assets not being depreciated	\$ 3,383,047	\$ -	\$ -	\$ 3,383,047
Capital assets being depreciated:				
Land improvements	\$ 1,040,599	\$ -	\$ -	\$ 1,040,599
Buildings and improvements	976,131	-	-	976,131
Equipment and machinery	426,349	-	-	426,349
Total capital assets being depreciated	\$ 2,443,079	\$ -	\$ -	\$ 2,443,079
Accumulated depreciation:				
Land improvements	\$ 822,533	\$ 69,106	\$ -	\$ 891,639
Buildings and improvements	137,415	25,803	-	163,218
Equipment and machinery	152,374	42,635	-	195,009
Total accumulated depreciation	\$ 1,112,322	\$ 137,544	\$ -	\$ 1,249,866
Total capital assets being depreciated, net	\$ 1,330,757	\$ (137,544)	\$ -	\$ 1,193,213
Golf Course Fund capital assets, net	\$ 4,713,804	\$ (137,544)	\$ -	\$ 4,576,260

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

Net capital assets				\$ 4,576,260
Long-term debt applicable to capital assets:				
General obligation bonds		\$ 3,309,674		
Premium on bonds issued		463,675		\$ 3,773,349
Net long-term debt, as adjusted				\$ 3,773,349
Net investment in capital assets				\$ 802,911
Total Business-type Activities capital assets, net	\$ 46,184,627	\$ (52,969)	\$ 981,924	\$ 45,149,734

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**Note 6—Capital Assets: (Continued)**

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**Primary Government: (Continued)**

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

Governmental activities:		
General government administration	\$	236,792
Judicial administration		189,476
Public safety		994,491
Public works		1,136,800
Health and welfare		232,371
Education		830,980
Parks, recreation and cultural		211,633
Community development		<u>20,316</u>
Total Governmental activities	\$	<u><u>3,852,859</u></u>
Business-type activities:		
Public Utility Fund	\$	1,399,937
Mass Transit Fund		1,095,995
Golf Course Fund		<u>137,544</u>
Total Business-type activities	\$	<u><u>2,633,476</u></u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (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, 2021:

Description	Balance July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2021	Amounts Due Within One Year
Long-term obligation transactions:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 37,046,188	-	\$ 1,412,500	\$ 35,633,688	\$ 1,387,492
Stormwater revenue bonds	2,120,000	-	60,000	2,060,000	60,000
School Literary Fund loans	100,000	-	50,000	50,000	50,000
School Qualified Zone Academy Bonds	3,668,528	-	1,736,671	1,931,857	200,000
Premium on bonds payable	906,432	-	45,322	861,110	45,322
Discount on bonds payable	(238,814)	-	(10,383)	(228,431)	(10,383)
Net pension liability	15,606,073	15,174,509	6,591,999	24,188,583	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 1,112,373	\$ 149,331	\$ 179,729	\$ 1,081,975	-
Net LODA OPEB liability	4,679,038	3,427,816	3,006,436	5,100,418	-
Net GLI OPEB liability	1,860,479	820,522	726,288	1,954,713	-
Total Net OPEB liability	\$ 7,651,890	\$ 4,397,669	\$ 3,912,453	\$ 8,137,106	-
Compensated absences	1,865,791	69,191	186,579	1,748,403	174,840
 Total Governmental Activities long-term obligations	 \$ 68,726,088	 \$ 19,641,369	 \$ 13,985,141	 \$ 74,382,316	 \$ 1,907,271
Short-term obligation transactions:					
Anticipation notes	5,500,000	-	5,500,000	-	-
 Total Governmental Activities obligations	 \$ 74,226,088	 \$ 19,641,369	 \$ 19,485,141	 \$ 74,382,316	 \$ 1,907,271
Reconciliation to Exhibit 1:					
Long-term liabilities due within one year:				\$ 1,907,271	
Long-term liabilities due in more than one year:				72,475,045	
 Total long-term obligations				 \$ 74,382,316	

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (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, 2021 are as follows:

Year Ending June 30,	Direct Borrowings and Direct Placements						Qualified
	General Obligation Bonds		Literary Loans		Stormwater Revenue Bonds		Zone Academy Bonds
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2022	\$ 1,387,492	\$ 1,376,952	\$ 50,000	\$ 1,000	\$ 60,000	\$ 87,391	\$ 200,000
2023	1,348,761	1,344,153	-	-	60,000	85,540	1,316,857
2024	1,233,246	1,313,232	-	-	65,000	83,215	200,000
2025	1,352,687	1,282,184	-	-	65,000	80,797	215,000
2026	1,372,208	1,248,449	-	-	70,000	78,286	-
2027	1,730,755	1,205,272	-	-	70,000	75,682	-
2028	958,421	1,158,722	-	-	75,000	72,985	-
2029	1,334,402	1,109,884	-	-	75,000	70,053	-
2030	1,109,183	1,057,781	-	-	80,000	66,876	-
2031	676,046	1,019,998	-	-	85,000	63,493	-
2032	1,398,519	974,552	-	-	85,000	60,008	-
2033	1,095,578	918,515	-	-	90,000	56,420	-
2034	1,154,685	867,392	-	-	95,000	52,379	-
2035	1,973,645	798,074	-	-	100,000	47,869	-
2036	1,881,380	714,198	-	-	105,000	43,128	-
2037	1,950,590	630,667	-	-	110,000	38,156	-
2038	2,041,300	544,873	-	-	115,000	32,953	-
2039	2,118,760	455,737	-	-	120,000	27,519	-
2040	2,224,200	363,407	-	-	125,000	21,853	-
2041	1,841,775	274,458	-	-	130,000	15,956	-
2042	3,103,275	167,979	-	-	135,000	9,828	-
2043	2,346,780	50,609	-	-	145,000	3,353	-
Total	\$ 35,633,688	\$ 18,877,088	\$ 50,000	\$ 1,000	\$ 2,060,000	\$ 1,173,740	\$ 1,931,857



CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

**Governmental Activities: (Continued)**

Details of long-term obligations as of June 30, 2021 are as follows:

**Primary Government - Governmental Activities:**

Original Amount	Description	Outstanding Amount at June 30, 2021
<b>General Obligation Bonds:</b>		
\$ 396,000	Series 2010 general obligation bonds due in semi-annual installments of \$13,401 through October 2031, interest at 2.93%	\$ 240,161
7,285,000	Qualified School Construction Bonds issued November 13, 2009, due in various annual installments ranging from \$135,000 to \$515,000 through February 15, 2040 interest free as a federal tax credit is provided to bondholders	3,115,000
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	883,200
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)	1,735,107
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	960,000
10,681,430	Series 2017A general obligation and refunding bonds due in various annual installments through November 2042, interest at 4.172% (\$10,681,430 of original issue allocated to governmental and \$213,570 to business-type)	9,636,970
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)	13,990,000
4,644,250	Series 2019A general obligation refunding bonds due in various annual installments through October 2039, interest ranging from 3.125% to 5.125% (\$4,644,250 of original issue allocated to governmental and \$2,500,750 to business-type)	4,465,500

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

**Governmental Activities: (Continued)**

Original Amount	Description	Outstanding Amount at June 30, 2021
	<b>General Obligation Bonds: (Continued)</b>	
630,500	Series 2019B general obligation refunding bonds due in various annual installments through October 2039, interest ranging from 3.375% to 5.125% (630,500 of original issue allocated to governmental and \$339,500 to business-type)	607,750
	Total general obligation bonds	\$ 35,633,688
	<b>State Literary Fund Loans:</b>	
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%	50,000
	Total State Literary Fund Loans	\$ 50,000
	<b>Qualified Zone Academy Bonds:</b>	
1,116,857	(5) Series 2006 issued October 31, 2006, due in annual installments of \$54,300 through October 31, 2022, final payment of \$111,686 due October 31, 2022	1,116,857
2,000,000	Series 2014 issued October 14, 2014, due in various annual installments through December 1, 2024, final payment of \$215,000 due December 1, 2024	815,000
	Total Qualified Zone Academy Bonds	\$ 1,931,857

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

**Governmental Activities: (Continued)**

Original Amount	Description	Outstanding Amount at June 30, 2021
	<b>Stormwater Revenue Bond:</b>	
\$ 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)	\$ 2,060,000
	Total Stormwater Revenue Bond	\$ 2,060,000
	<b>Other Long-term Obligations:</b>	
	Premium on bonds payable	861,110
	Discount on bonds payable	(228,431)
	Net pension liability	24,188,583
	Net OPEB liability	8,137,106
	Compensated absences	1,748,403
	Total governmental activities long-term obligations	\$ 74,382,316

(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, 2021 (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, 2021:

	<u>Balance July 1, 2020</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
<b>Public Utility Fund:</b>					
<b>Direct Borrowings and Direct Placements:</b>					
General obligation bonds	\$ 7,490,000	\$ -	\$ 215,000	\$ 7,275,000	\$ 230,000
Capital leases	3,993,107	-	362,780	3,630,327	375,309
Premium on bonds issued	539,401	-	24,612	514,789	24,612
Net pension liability	685,175	666,229	289,419	1,061,985	-
<b>Net OPEB liability:</b>					
Net Health Insurance OPEB liability	\$ 48,840	\$ 6,556	\$ 7,894	\$ 47,502	-
Net GLI OPEB liability	81,683	36,025	31,887	85,821	-
Total Net OPEB liability	\$ 130,523	\$ 42,581	\$ 39,781	\$ 133,323	-
Compensated absences	61,463	4,404	6,146	59,721	5,972
Total Public Utility fund	<u>\$ 12,899,669</u>	<u>\$ 713,214</u>	<u>\$ 937,738</u>	<u>\$ 12,675,145</u>	<u>\$ 635,893</u>
<b>Mass Transit Fund:</b>					
Net pension liability	\$ 971,748	\$ 944,876	\$ 410,466	\$ 1,506,158	-
<b>Net OPEB liability:</b>					
Net Health Insurance OPEB liability	\$ 69,265	\$ 9,298	\$ 11,191	\$ 67,372	-
Net GLI OPEB liability	115,847	51,092	45,224	121,715	-
Total Net OPEB liability	\$ 185,112	\$ 60,390	\$ 56,415	\$ 189,087	-
Compensated absences	99,063	35,790	9,906	124,947	12,495
Total Mass Transit fund	<u>\$ 1,255,923</u>	<u>\$ 1,041,056</u>	<u>\$ 476,787</u>	<u>\$ 1,820,192</u>	<u>\$ 12,495</u>
<b>Golf Course Fund:</b>					
<b>Direct Borrowings and Direct Placements:</b>					
General obligation bonds	\$ 3,414,196	\$ -	\$ 104,522	\$ 3,309,674	\$ 110,101
Premium on bonds payable	488,079	-	24,404	463,675	24,404
Net pension liability	189,693	184,448	80,126	294,015	-
<b>Net OPEB liability:</b>					
Net Health Insurance OPEB liability	\$ 13,522	\$ 1,814	\$ 2,185	\$ 13,151	-
Net GLI OPEB liability	22,614	9,974	8,828	23,760	-
Total Net OPEB liability	\$ 36,136	\$ 11,788	\$ 11,013	\$ 36,911	-
Compensated absences	36,936	5,907	3,694	39,149	3,694
Total Golf Course fund	<u>\$ 4,165,040</u>	<u>\$ 202,143</u>	<u>\$ 223,759</u>	<u>\$ 4,143,424</u>	<u>\$ 138,199</u>
Total Business-type Activities	<u>\$ 18,320,632</u>	<u>\$ 1,956,413</u>	<u>\$ 1,638,284</u>	<u>\$ 18,638,761</u>	<u>\$ 786,587</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

**Business-type Activities: (Continued)**

Details of long-term obligations transactions as of June 30, 2021:

Original Amount	Description	Outstanding Amount at June 30, 2021
	<b>Public Utility Fund:</b>	
	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%	\$ 6,495,000
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)	780,000
	Total general obligation bonds	\$ 7,275,000
	Capital Leases	3,630,327
	Bond premium	514,789
	Net pension liability	1,061,985
	Net OPEB liability	133,323
	Compensated absences	59,721
	Total Public Utility Fund	\$ 12,675,145
	<b>Mass Transit Fund:</b>	
	Net pension liability	\$ 1,506,158
	Net OPEB liability	189,087
	Compensated absences	124,947
	Total Mass Transit Fund	\$ 1,820,192
	<b>Golf Course Fund:</b>	
	General Obligation Bonds:	
490,000	Series 2013 general obligation bonds due in various annual installments through 2034, interest at various rates (\$2,330,000 of original issue allocated to governmental; \$490,000 to business-type)	\$ 364,894
213,570	Series 2017A general obligation and refunding bonds due in various annual installments through November 2042, interest at 4.172% (\$10,681,430 of original issue allocated to governmental and \$213,570 to business-type)	213,030
2,500,750	Series 2019A general obligation refunding bonds due in various annual installments through October 2039, interest ranging from 3.125% to 5.125% (\$4,644,250 of original issue allocated to governmental and \$2,500,750 to business-type)	2,404,500
339,500	Series 2019B general obligation refunding bonds due in various annual installments through October 2039, interest ranging from 3.375% to 5.125% (630,500 of original issue allocated to governmental and \$339,500 to business-type)	327,250
	Total general obligation bonds	\$ 3,309,674
	Premium on bonds payable	463,675
	Net pension liability	294,015
	Net OPEB liability	36,911
	Compensated absences	39,149
	Total Golf Course Fund	\$ 4,143,424
	Total business-type activities	\$ 18,638,761

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize business-type activities obligations outstanding as of June 30, 2021 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
2022	\$ 230,000	\$ 316,417	\$ 110,101	\$ 147,295	\$ 375,309	\$ 117,618
2023	240,000	304,883	116,220	141,495	388,270	104,657
2024	250,000	292,678	122,811	135,382	401,679	91,248
2025	260,000	279,961	128,521	128,998	415,550	77,376
2026	275,000	266,603	136,328	122,339	429,902	63,025
2027	290,000	252,475	145,200	115,177	444,748	48,179
2028	305,000	240,365	153,209	107,684	460,107	32,820
2029	315,000	227,592	163,103	99,848	473,338	16,949
2030	330,000	214,128	167,993	91,446	241,424	2,400
2031	340,000	202,679	178,620	82,972	-	-
2032	355,000	190,541	187,372	74,467	-	-
2033	370,000	175,502	194,624	65,669	-	-
2034	380,000	159,572	210,579	56,494	-	-
2035	395,000	143,066	185,613	47,588	-	-
2036	420,000	123,712	193,890	39,204	-	-
2037	440,000	103,312	199,680	30,689	-	-
2038	460,000	81,993	208,970	22,434	-	-
2039	485,000	59,459	216,645	14,338	-	-
2040	505,000	37,290	226,138	6,458	-	-
2041	525,000	15,809	24,975	2,402	-	-
2042	50,000	3,700	27,472	1,466	-	-
2043	55,000	1,272	11,610	435	-	-
Total	\$ <u>7,275,000</u>	\$ <u>3,693,009</u>	\$ <u>3,309,674</u>	\$ <u>1,534,280</u>	\$ <u>3,630,327</u>	\$ <u>554,272</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Capital Leases:</b>			
\$5,289,403 issued January 8, 2014 proceeds to be used for installation of water meters for the Public Utility Fund; payable in various monthly installments of through December 2029; interest at 3.10%. At June 30, 2015 \$5,259,403 has been received of this obligation.	\$ -	\$ 3,630,327	\$ 3,630,327
<b>Total capital leases</b>	<u>\$ -</u>	<u>\$ 3,630,327</u>	<u>\$ 3,630,327</u>
Total equipment cost of assets acquired through capital lease	\$ -	\$ 6,310,244	\$ 6,310,244
Total accumulated depreciation on assets acquired through capital lease	-	(1,327,712)	(1,327,712)
Net remaining book value	<u>\$ -</u>	<u>\$ 4,982,532</u>	<u>\$ 4,982,532</u>

	<u>Date Issued</u>	<u>Balance July 1, 2020</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2021</u>
Tax revenue anticipation note	10/11/2018	\$ 5,500,000	\$ -	\$ 5,500,000	\$ -
		<u>\$ 5,500,000</u>	<u>\$ -</u>	<u>\$ 5,500,000</u>	<u>\$ -</u>

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

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

Business-type Activities

The general obligation bonds payable totaling \$7,275,000 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. General obligation bonds payable totaling \$3,309,674 are expected to be paid from the operating revenues of the Golf Course.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**Note 8—Unearned/Deferred/Unavailable Revenue:**

The following is a summary of unearned/deferred/unavailable revenue for the year ended June 30, 2021:

Description	Governmental Funds			
	Unavailable General Fund	Unearned	Total Governmental Funds	Deferred Governmental Activities
		Federal and State Projects Fund		
Prepaid property taxes	\$ 40,908	\$ -	\$ 40,908	\$ 40,908
Local delinquent real and personal property taxes	9,682,613	-	9,682,613	-
	<u>\$ 9,723,521</u>	<u>\$ -</u>	<u>\$ 9,723,521</u>	<u>\$ 40,908</u>

**Note 9—Commitments and Contingencies:**

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

The City had the following commitments at year-end:

Project	Authorized Commitment	Expended/ Expensed as of June 30, 2021	Remaining Commitment
Walnut Boulevard Drainage Improvements	\$ 179,000	\$ 176,400	\$ 2,600
Bridge Replacement on St. Andrew Street	1,401,031	642,603	758,428
Wastewater Pump Site - Flow Monitoring	340,560	159,120	181,440
Park and Ride	4,852,500	81,225	4,771,275
Park and Ride - Site Elevation Studies	43,270	41,085	2,185
Total	<u>\$ 6,816,361</u>	<u>\$ 1,100,433</u>	<u>\$ 5,715,928</u>



## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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### **Note 10—Risk Management:**

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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:**

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At June 30, 2021, the City had the following matters of Litigation that have been settled or still pending:

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

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

### **Note 12—Pension Plan:**

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#### ***Plan Description***

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

**Note 12—Pension Plan: (Continued)**

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***Benefit Structures***

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

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

***Average Final Compensation and Service Retirement Multiplier***

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**Note 12—Pension Plan: (Continued)**

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

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

***Employees Covered by Benefit Terms***

As of the June 30, 2019 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	825
Inactive members:	
Vested inactive members	152
Non-vested inactive members	196
Active members active elsewhere in VRS	<u>552</u>
Total inactive members	900
Active members	554
Total covered employees	<u><u>2,279</u></u>

***Contributions***

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

The City's contractually required contribution rate for the year ended June 30, 2021 was 11.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$2,792,294 and \$3,098,568 for the years ended June 30, 2021 and June 30, 2020, respectively.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**Note 12—Pension Plan: (Continued)**

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***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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020.

***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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

**Mortality rates:**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**Note 12—Pension Plan: (Continued)**

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**Actuarial Assumptions - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7% to 6.75%

**Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits**

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**Note 12—Pension Plan: (Continued)**

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7% to 6.75%

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**Note 12—Pension Plan: (Continued)**

***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

\* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the City was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**Note 12—Pension Plan: (Continued)**

**Discount Rate: (Continued)**

30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 177,640,012	\$ 160,187,322	\$ 17,452,690
Changes for the year:			
Service cost	\$ 2,971,664	\$ -	\$ 2,971,664
Interest	11,612,161	-	11,612,161
Changes of assumptions	-	-	-
Differences between expected and actual experience	2,275,675	-	2,275,675
Contributions - employer	-	3,078,425	(3,078,425)
Contributions - employee	-	1,274,201	(1,274,201)
Net investment income	-	3,019,383	(3,019,383)
Benefit payments, including refunds of employee contributions	(11,216,007)	(11,216,007)	-
Administrative expenses	-	(106,743)	106,743
Other changes	-	(3,817)	3,817
Net changes	\$ 5,643,493	\$ (3,954,558)	\$ 9,598,051
Balances at June 30, 2020	\$ 183,283,505	\$ 156,232,764	\$ 27,050,741

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
City Net Pension Liability	48,103,843	27,050,741	9,420,097



CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (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, 2021, the City recognized pension expense of \$8,661,019. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,077,951	\$ -
Change in assumptions	-	-
Change in proportionate share	62,497	62,497
Net difference between projected and actual earnings on pension plan investments	4,666,882	-
Employer contributions subsequent to the measurement date	<u>2,792,294</u>	<u>-</u>
Total	<u>\$ 8,599,624</u>	<u>\$ 62,497</u>

\$2,792,294 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, 2022. 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>	
2022	\$ 1,115,481
2023	1,493,059
2024	1,624,715
2025	1,511,578
Thereafter	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021 (Continued)

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### **Note 13—Landfill Closure and Postclosure Care Costs:**

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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:**

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There were no expenditures in excess of appropriations.

### **Note 15—Other Postemployment Benefits:**

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

##### ***Plan Description***

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

##### ***Benefits Provided***

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**Note 15—Other Postemployment Benefits: (Continued)**

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

***Plan Membership***

At July 1, 2020, (measurement date), the following employees were covered by the benefit terms:

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

***Contributions***

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

***Net/Total OPEB Liability***

The City's net/total OPEB liability was measured as of July 1, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

***Actuarial Assumptions***

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	2.45%

***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 2.45% as of the end of the fiscal year with the expectation that the City will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**Note 15—Other Postemployment Benefits: (Continued)**

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

***Changes in Net/Total OPEB Liability***

Changes in Net OPEB Liability - City	
	Primary Government Total OPEB Liability
Balances at June 30, 2019	\$ 1,244,000
Changes for the year:	
Service cost	55,000
Interest	39,000
Difference between expected and actual experience	(87,000)
Changes in assumptions	73,000
Contributions - employer	(114,000)
Net changes	\$ (34,000)
Balances at June 30, 2020	\$ 1,210,000

***Sensitivity of the Total OPEB Liability to Changes in Discount Rate***

The following amounts present the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

Rate		
1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
\$ 1,328,000	\$ 1,210,000	\$ 1,106,000

***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 (9.03% decreasing to an ultimate rate of 4%) or one percentage point higher (11.03% decreasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (9.03% decreasing to 4.00%)	Healthcare Cost Trend (10.03% decreasing to 5.00%)	1% Increase (11.03% decreasing to 6.00%)
\$ 1,071,000	\$ 1,210,000	\$ 1,377,000

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**Note 15—Other Postemployment Benefits: (Continued)**

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

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

For the year ended June 30, 2021, the City recognized OPEB expense of (\$63,000). At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 567,000
Changes in assumptions	77,000	98,000
Total	<u>\$ 77,000</u>	<u>\$ 665,000</u>

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

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

<u>Year Ended June 30</u>	
2022	\$ (166,000)
2023	(166,000)
2024	(167,000)
2025	(90,000)
2026	1,000
Thereafter	-

## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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### Note 15—Other Postemployment Benefits: (Continued)

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

##### ***Plan Description***

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

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

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

##### ***Eligible Employees***

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

##### ***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. 2019 The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

##### ***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**Note 15—Other Postemployment Benefits: (Continued)**

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

***Contributions: (Continued)***

the employer contribution. Each employer’s contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$140,013 and \$140,180 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the entity reported a liability of \$2,186,009 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer’s proportion was 0.13100% as compared to 0.12786% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$64,499. 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, 2021, 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	\$ 140,212	\$ 19,635
Net difference between projected and actual earnings on GLI OPEB program investments	65,666	-
Change in assumptions	109,326	45,645
Changes in proportion	183,716	157,460
Employer contributions subsequent to the measurement date	140,013	-
Total	<u>\$ 638,933</u>	<u>\$ 222,740</u>

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**Note 15—Other Postemployment Benefits: (Continued)**

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

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

\$140,013 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, 2022. 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>	
2022	\$ 14,063
2023	32,608
2024	84,883
2025	108,101
2026	33,525
Thereafter	3,000

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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



CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**Note 15—Other Postemployment Benefits: (Continued)**

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

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

**CITY OF PETERSBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**Note 15—Other Postemployment Benefits: (Continued)**

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

***Actuarial Assumptions: (Continued)***

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees: (Continued)**

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		<b>GLI OPEB Plan</b>
		<hr/>
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
Employers' Net GLI OPEB Liability (Asset)	\$	<hr/> <hr/> 1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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, 2021 (Continued)

**Note 15—Other Postemployment Benefits: (Continued)**

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

**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**Note 15—Other Postemployment Benefits: (Continued)**

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

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, 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, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City's proportionate share of the Group Life Insurance Program Net OPEB Liability	2,873,676	2,186,009	1,627,558

***Group Life Insurance Program Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2020-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, 2021 (Continued)

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### **Note 15—Other Postemployment Benefits: (Continued)**

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#### **Line of Duty Act (LODA) Program:**

##### ***Plan Description***

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

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

##### ***Eligible Employees***

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the 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, 2021 (Continued)

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**Note 15—Other Postemployment Benefits: (Continued)**

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**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, 2021 was \$717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$162,293 and \$165,503 for the years ended June 30, 2021 and June 30, 2020, respectively.

June 30, 2021, the entity reported a liability of \$5,100,418 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2020 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2020, the entity's proportion was 1.21780% as compared to 1.30413% at June 30, 2019.

For the year ended June 30, 2021, the entity recognized LODA OPEB expense of \$421,323. 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, 2021 (Continued)

**Note 15—Other Postemployment Benefits: (Continued)**

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

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

***Contributions: (Continued)***

At June 30, 2021, 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	\$ 541,419	\$ 695,354
Net difference between projected and actual earnings on LODA OPEB plan investments	-	7,252
Change in assumptions	1,365,421	317,835
Change in proportion	320,433	554,858
Employer contributions subsequent to the measurement date	<u>162,293</u>	<u>-</u>
Total	<u>\$ 2,389,566</u>	<u>\$ 1,575,299</u>

\$162,293 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, 2022. 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>	
2022	\$ 73,881
2023	75,220
2024	76,649
2025	77,070
2026	77,518
Thereafter	271,636



CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**Note 15—Other Postemployment Benefits: (Continued)**

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

*Actuarial Assumptions*

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.375%-4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	2.21%, including inflation*

\* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**Note 15—Other Postemployment Benefits: (Continued)**

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**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, 2019 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, 2021 (Continued)

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**Note 15—Other Postemployment Benefits: (Continued)**

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**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, 2020, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Plan</u>
Total LODA OPEB Liability	\$ 423,147
Plan Fiduciary Net Position	4,333
LODA Net OPEB Liability (Asset)	<u>\$ 418,814</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.02%

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

***Long-Term Expected Rate of Return***

The long-term expected rate of return on LODA OPEB Program’s investments was set at 2.21% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.21% 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, 2020.

***Discount Rate***

The discount rate used to measure the total LODA OPEB liability was 2.21%. 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, 2020, 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, 2021 (Continued)

**Note 15—Other Postemployment Benefits: (Continued)**

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

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

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 2.21%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	Discount Rate		
	1% Decrease (1.21%)	Current (2.21%)	1% Increase (3.21%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 6,054,127	\$ 5,100,418	\$ 4,381,533

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

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

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 4,215,662	\$ 5,100,418	\$ 6,257,667

***LODA OPEB Fiduciary Net Position***

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2020-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, 2021 (Continued)

**Note 15—Other Postemployment Benefits: (Continued)**

**Aggregate Pension Information**

	VRS OPEB Plans			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
<b>Primary Government</b>				
Group Life Insurance Program:				
County	\$ 638,933	\$ 222,740	\$ 2,186,009	\$ 64,499
Line of Duty Act Program	2,389,566	1,575,299	5,100,418	421,323
County Stand-Alone Plan	77,000	665,000	1,210,000	(63,000)
Totals	<u>\$ 3,105,499</u>	<u>\$ 2,463,039</u>	<u>\$ 8,496,427</u>	<u>\$ 422,822</u>

**Note 16—Adoption of Accounting Principles:**

The City implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of net position:

	Special Welfare Fund	Drug Seizure Fund	Industrial Development Authority	Total Custodial Funds
Net position, beginning of year as previously reported	\$ -	\$ -	\$ -	\$ -
Adjustment for:				
Implementation of GASB 84	\$ 65,495	\$ 99,229	2,500,000	\$ 2,664,724
Net position, beginning of year as restated	<u>\$ 65,495</u>	<u>\$ 99,229</u>	<u>\$ 2,500,000</u>	<u>\$ 2,664,724</u>

## CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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### **Note 17—Upcoming Pronouncements:**

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

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

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

### **Note 18—Fair Value Measurements:**

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

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

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

CITY OF PETERSBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**Note 18—Fair Value Measurements: (Continued)**

The City has the following recurring fair value measurements as of June 30, 2021:

Investment	6/30/2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Money Market Funds	\$ 2,739,910	\$ 2,739,910	\$ -	\$ -
Total	\$ 2,739,910	\$ 2,739,910	\$ -	\$ -

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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, 2021

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Revenues:</b>				
General property taxes	\$ 32,697,309	\$ 34,197,809	\$ 36,695,007	\$ 2,497,198
Other local taxes	13,496,877	13,603,680	14,942,697	1,339,017
Permits, privilege fees and regulatory licenses	363,600	377,900	619,222	241,322
Fines and forfeitures	838,643	507,000	525,460	18,460
Revenue from use of money and property	355,700	99,000	(263,430)	(362,430)
Charges for services	2,991,483	3,075,280	2,703,811	(371,469)
Miscellaneous	963,137	973,754	1,095,783	122,029
Recovered costs	271,700	188,574	157,838	(30,736)
Intergovernmental:				
Commonwealth	16,428,528	16,543,262	15,066,943	(1,476,319)
Federal	4,931,163	5,030,677	4,731,742	(298,935)
<b>Total revenues</b>	<u>\$ 73,338,140</u>	<u>\$ 74,596,936</u>	<u>\$ 76,275,073</u>	<u>\$ 1,678,137</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	\$ 6,835,648	\$ 7,548,411	\$ 7,507,691	\$ 40,720
Judicial administration	3,997,502	4,130,468	3,721,333	409,135
Public safety	23,109,046	22,367,251	21,083,684	1,283,567
Public works	4,533,989	4,743,956	5,289,266	(545,310)
Health and welfare	16,302,157	16,203,957	13,343,701	2,860,256
Education	10,006,608	10,006,608	7,458,660	2,547,948
Parks, recreation, and cultural	1,613,516	1,813,408	1,574,889	238,519
Community development	755,197	993,362	790,753	202,609
Debt service:				
Principal retirement	1,850,738	1,850,738	3,199,171	(1,348,433)
Interest and other fiscal charges	1,681,151	1,681,151	1,469,880	211,271
Nondepartmental	1,424,783	2,029,821	984,043	1,045,778
<b>Total expenditures</b>	<u>\$ 72,110,335</u>	<u>\$ 73,369,131</u>	<u>\$ 66,423,071</u>	<u>\$ 6,946,060</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,227,805</u>	<u>\$ 1,227,805</u>	<u>\$ 9,852,002</u>	<u>\$ 8,624,197</u>
<b>Other financing sources (uses):</b>				
Transfers (out)	<u>\$ (1,227,805)</u>	<u>\$ (1,227,805)</u>	<u>\$ (1,561,475)</u>	<u>\$ (333,670)</u>
<b>Total other financing sources (uses)</b>	<u>\$ (1,227,805)</u>	<u>\$ (1,227,805)</u>	<u>\$ (1,561,475)</u>	<u>\$ (333,670)</u>
Changes in fund balance	\$ -	\$ -	\$ 8,290,527	\$ 8,290,527
Fund balances at beginning of year	-	-	23,412,838	23,412,838
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,703,365</u>	<u>\$ 31,703,365</u>

CITY OF PETERSBURG, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios - Pension Plans  
For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total pension liability</b>			
Service cost	\$ 2,971,664	\$ 2,681,204	\$ 2,353,140
Interest	11,612,161	11,405,702	11,566,814
Changes of assumptions	-	4,662,678	-
Difference between expected and actual experience	2,275,675	1,663,207	(5,239,864)
Benefit payments, including refunds of employee contributions	(11,216,007)	(11,422,751)	(10,540,638)
<b>Net change in total pension liability</b>	<u>\$ 5,643,493</u>	<u>\$ 8,990,040</u>	<u>\$ (1,860,548)</u>
<b>Total pension liability - beginning</b>	<u>177,640,012</u>	<u>168,649,972</u>	<u>170,510,520</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 183,283,505</u></u>	<u><u>\$ 177,640,012</u></u>	<u><u>\$ 168,649,972</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 3,078,425	\$ 2,961,589	\$ 2,606,309
Contributions - employee	1,274,201	1,212,375	1,090,142
Net investment income	3,019,383	10,191,653	11,137,059
Benefit payments, including refunds of employee contributions	(11,216,007)	(11,422,751)	(10,540,638)
Administrative expense	(106,743)	(106,124)	(99,753)
Other	(3,817)	(6,395)	(9,767)
<b>Net change in plan fiduciary net position</b>	<u>\$ (3,954,558)</u>	<u>\$ 2,830,347</u>	<u>\$ 4,183,352</u>
<b>Plan fiduciary net position - beginning</b>	<u>160,187,322</u>	<u>157,356,975</u>	<u>153,173,623</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 156,232,764</u></u>	<u><u>\$ 160,187,322</u></u>	<u><u>\$ 157,356,975</u></u>
<b>Political subdivision's net pension liability - ending (a) - (b)</b>	<u>\$ 27,050,741</u>	<u>\$ 17,452,690</u>	<u>\$ 11,292,997</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	85.24%	90.18%	93.30%
<b>Covered payroll</b>	<u>\$ 26,724,512</u>	<u>\$ 24,955,928</u>	<u>\$ 22,168,909</u>
<b>Political subdivision's net pension liability as a percentage of covered payroll</b>	101.22%	69.93%	50.94%

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

Exhibit 12

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

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Schedule of Employer Contributions - Pension Plans  
 Years Ended June 30, 2012 through June 30, 2021

<b>Date</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contribution (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
2021	\$ 2,792,294	\$ 2,792,294	\$ -	\$ 25,589,062	10.91%
2020	3,098,568	3,098,568	-	26,724,512	11.59%
2019	2,912,650	2,912,650	-	24,955,928	11.67%
2018	2,601,279	2,601,279	-	22,168,909	11.73%
2017	2,371,484	2,371,484	-	19,745,912	12.01%
2016	3,708,507	3,708,507	-	24,318,079	15.25%
2015	4,065,367	4,065,367	-	26,986,626	15.25%
2014	3,915,014	3,915,014	-	26,328,270	14.87%
2013	3,853,122	3,853,122	-	25,912,053	14.87%
2012	2,349,174	2,349,174	-	24,938,155	9.42%

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

Notes to Required Supplementary Information - Pension Plans  
Year Ended June 30, 2021

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

**Changes of assumptions** -The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

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



Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Primary Government  
 For the Measurement Dates of July 1, 2017 through July 1, 2020

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

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

Notes to Required Supplementary Information - City OPEB  
Year Ended June 30, 2021

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Valuation Date: 7/1/2019  
Measurement Date: 7/1/2020

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	2.45%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at (10.03%) in 2020 and gradually declines to 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018

Schedule of City's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 Measurement Dates Ending June 30, 2017 through June 30, 2020

<b>Date</b> <b>(1)</b>	<b>Employer's Proportion of the Net GLI OPEB Liability (Asset)</b> <b>(2)</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)</b> <b>(3)</b>	<b>Employer's Covered Payroll</b> <b>(4)</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)</b> <b>(5)</b>	<b>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</b> <b>(6)</b>
2020	0.1310%	\$ 2,186,009	\$ 26,957,691	8.11%	52.64%
2019	0.1286%	2,080,623	25,064,922	8.30%	52.00%
2018	0.1178%	1,790,000	22,407,864	7.99%	51.22%
2017	0.1139%	1,715,000	21,017,588	8.16%	48.86%

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

Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 Years Ended June 30, 2012 through June 30, 2021

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)
2021	\$ 140,013	\$ 140,013	\$ -	\$ 25,928,358	0.54%
2020	140,180	140,180	-	26,957,691	0.52%
2019	130,338	130,338	-	25,064,922	0.52%
2018	116,521	116,521	-	22,407,864	0.52%
2017	109,291	109,291	-	21,017,588	0.52%
2016	131,087	131,087	-	24,733,312	0.53%
2015	143,793	143,793	-	27,130,758	0.53%
2014	139,900	139,900	-	26,396,244	0.53%
2013	137,971	137,971	-	26,032,307	0.53%
2012	109,728	109,728	-	24,938,156	0.44%

Notes to Required Supplementary Information  
 Group Life Insurance (GLI) Plan  
 Year Ended June 30, 2021

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Teachers**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7% to 6.75%

**Non-Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

Schedule of Employer's Share of Net LODA OPEB Liability  
 Line of Duty Act Program (LODA)  
 For the Measurement Dates of June 30, 2017 through June 30, 2020

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

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

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

Schedule of Employer Contributions  
 Line of Duty Act Program (LODA)  
 For the Years Ended June 30, 2017 through June 30, 2021

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

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

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

Notes to Required Supplementary Information  
 Line of Duty Act Program (LODA)  
 Year Ended June 30, 2021

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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



**OTHER SUPPLEMENTARY INFORMATION**



**Combining and Individual Fund Financial Statements and Schedules**

Nonmajor Governmental Funds  
Combining Balance Sheet  
At June 30, 2021

	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	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 11,991,066	\$ 272,654	\$ 2,991,117	\$ 250,071	\$ -	\$ -	\$ 15,504,908
Restricted cash	-	-	-	2,009,122	8,547	2,000	2,019,669
Receivables (Net of allowance for uncollectibles) Accounts	-	-	465,406	-	-	-	465,406
Prepaid items	36,411	-	-	-	-	-	36,411
Due from other funds	-	5,209	119,957	-	-	-	125,166
Due from other governments	67,336	316,902	-	-	-	-	384,238
<b>Total assets</b>	<b>\$ 12,094,813</b>	<b>\$ 594,765</b>	<b>\$ 3,576,480</b>	<b>\$ 2,259,193</b>	<b>\$ 8,547</b>	<b>\$ 2,000</b>	<b>\$ 18,535,798</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 593,172	\$ 61,141	\$ 62,097	\$ -	\$ -	\$ -	\$ 716,410
Accrued salaries payable	68,667	984	6,035	-	-	-	75,686
Unearned revenue	6,544,920	-	-	-	-	-	6,544,920
Due to other funds	81,309	-	-	250,071	-	-	331,380
<b>Total liabilities</b>	<b>\$ 7,288,068</b>	<b>\$ 62,125</b>	<b>\$ 68,132</b>	<b>\$ 250,071</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,668,396</b>
<b>FUND BALANCES</b>							
Nonspendable:							
Cemetery Perpetual care	\$ -	\$ -	\$ -	\$ 2,009,122	\$ -	\$ -	\$ 2,009,122
Prepaid items	36,411	-	-	-	-	-	36,411
McKenney scholarships	-	-	-	-	8,547	-	8,547
Library	-	-	-	-	-	2,000	2,000
Restricted:							
Grants	4,770,334	532,640	-	-	-	-	5,302,974
Committed:							
Stormwater	-	-	3,508,348	-	-	-	3,508,348
<b>Total fund balances</b>	<b>\$ 4,806,745</b>	<b>\$ 532,640</b>	<b>\$ 3,508,348</b>	<b>\$ 2,009,122</b>	<b>\$ 8,547</b>	<b>\$ 2,000</b>	<b>\$ 10,867,402</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,094,813</b>	<b>\$ 594,765</b>	<b>\$ 3,576,480</b>	<b>\$ 2,259,193</b>	<b>\$ 8,547</b>	<b>\$ 2,000</b>	<b>\$ 18,535,798</b>

Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2021

	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	
<b>Revenues:</b>							
Revenue from use of money and property	\$ 10	\$ -	\$ 4	\$ (13,831)	\$ 1	\$ -	\$ (13,816)
Charges for services	-	-	1,200,480	12,900	-	-	1,213,380
Miscellaneous	155,996	-	-	-	-	-	155,996
Recovered costs	12,550	-	-	-	-	-	12,550
Intergovernmental:							
Commonwealth	6,842,492	-	-	-	-	-	6,842,492
Federal	6,589,002	883,690	-	-	-	-	7,472,692
<b>Total revenues</b>	<b>\$ 13,600,050</b>	<b>\$ 883,690</b>	<b>\$ 1,200,484</b>	<b>\$ (931)</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 15,683,294</b>
<b>Expenditures:</b>							
Judicial administration	\$ 576,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 576,988
Public safety	5,046,241	-	-	-	-	-	5,046,241
Public works	5,912,019	-	782,900	-	-	-	6,694,919
Health and welfare	1,409,280	-	-	-	-	-	1,409,280
Parks, recreation and cultural	-	-	-	-	-	-	0
Community development	55,347	862,593	-	-	-	-	917,940
Debt service:							
Principal retirement	-	-	60,000	-	-	-	60,000
Interest and other fiscal charges	-	-	88,861	-	-	-	88,861
<b>Total expenditures</b>	<b>\$ 12,999,875</b>	<b>\$ 862,593</b>	<b>\$ 931,761</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,794,229</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 600,175</b>	<b>\$ 21,097</b>	<b>\$ 268,723</b>	<b>\$ (931)</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 889,065</b>
<b>Other financing sources (uses):</b>							
Transfers in	\$ 44,749	\$ -	\$ 148,861	\$ -	\$ -	\$ -	\$ 193,610
<b>Total other financing sources (uses)</b>	<b>\$ 44,749</b>	<b>\$ -</b>	<b>\$ 148,861</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 193,610</b>
<b>Changes in fund balances</b>	<b>\$ 644,924</b>	<b>\$ 21,097</b>	<b>\$ 417,584</b>	<b>\$ (931)</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 1,082,675</b>
<b>Fund balances at beginning of year</b>	<b>4,161,821</b>	<b>511,543</b>	<b>3,090,764</b>	<b>2,010,053</b>	<b>8,546</b>	<b>2,000</b>	<b>9,784,727</b>
<b>Fund balances at end of year</b>	<b>\$ 4,806,745</b>	<b>\$ 532,640</b>	<b>\$ 3,508,348</b>	<b>\$ 2,009,122</b>	<b>\$ 8,547</b>	<b>\$ 2,000</b>	<b>\$ 10,867,402</b>

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, 2021

	Federal and State Projects Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 10	\$ 10
Charges for services	-	22,000	-	(22,000)
Miscellaneous	77,686	209,316	155,996	(53,320)
Recovered costs	41,257	41,257	12,550	(28,707)
Intergovernmental:				
Commonwealth	6,413,314	11,264,497	6,842,492	(4,422,005)
Federal	220,588	3,811,126	6,589,002	2,777,876
Total revenues	<u>\$ 6,752,845</u>	<u>\$ 15,348,196</u>	<u>\$ 13,600,050</u>	<u>\$ (1,748,146)</u>
Expenditures:				
Current:				
Judicial administration	\$ 294,118	\$ 695,626	\$ 576,988	\$ 118,638
Public safety	446,777	5,549,551	5,046,241	503,310
Public works	5,981,699	8,584,800	5,912,019	2,672,781
Health and welfare	-	-	1,409,280	(1,409,280)
Parks, recreation and cultural	-	-	-	-
Community development	75,000	2,134,740	55,347	2,079,393
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ 6,797,594</u>	<u>\$ 16,964,717</u>	<u>\$ 12,999,875</u>	<u>\$ 3,964,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (44,749)</u>	<u>\$ (1,616,521)</u>	<u>\$ 600,175</u>	<u>\$ 2,216,696</u>
Other financing sources (uses):				
Transfers in	<u>\$ 44,749</u>	<u>\$ 44,749</u>	<u>\$ 44,749</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ 44,749</u>	<u>\$ 44,749</u>	<u>\$ 44,749</u>	<u>\$ -</u>
Changes in fund balances	\$ -	\$ (1,571,772)	\$ 644,924	\$ 2,216,696
Fund balance at beginning of the year	<u>-</u>	<u>1,571,772</u>	<u>4,161,821</u>	<u>2,590,049</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,806,745</u></u>	<u><u>\$ 4,806,745</u></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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 4
-	-	-	-	1,460,249	1,460,249	1,200,480	(259,769)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,592,032	1,592,032	883,690	(708,342)	-	-	-	-
<u>\$ 1,592,032</u>	<u>\$ 1,592,032</u>	<u>\$ 883,690</u>	<u>\$ (708,342)</u>	<u>\$ 1,460,249</u>	<u>\$ 1,460,249</u>	<u>\$ 1,200,484</u>	<u>\$ (259,765)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,311,388	1,311,388	782,900	528,488
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,592,032	1,964,001	862,593	1,101,408	-	-	-	-
-	-	-	-	60,000	60,000	60,000	-
-	-	-	-	88,861	88,861	88,861	-
<u>\$ 1,592,032</u>	<u>\$ 1,964,001</u>	<u>\$ 862,593</u>	<u>\$ 1,101,408</u>	<u>\$ 1,460,249</u>	<u>\$ 1,460,249</u>	<u>\$ 931,761</u>	<u>\$ 528,488</u>
\$ -	\$ (371,969)	\$ 21,097	\$ 393,066	\$ -	\$ -	\$ 268,723	\$ 268,723
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,861	\$ 148,861
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,861	\$ 148,861
\$ -	\$ (371,969)	\$ 21,097	\$ 393,066	\$ -	\$ -	\$ 417,584	\$ 417,584
-	371,969	511,543	139,574	-	-	3,090,764	3,090,764
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,640</u>	<u>\$ 532,640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,508,348</u>	<u>\$ 3,508,348</u>

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Combining Statement of Fiduciary Net Position - Custodial Funds  
At June 30, 2021

	<u>Special Welfare Fund</u>	<u>Drug Seizure Fund</u>	<u>Industrial Development Authority</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 65,495	\$ 95,919	\$ -	\$ 161,414
Land held for resale	<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>2,500,000</u>
Total assets	<u>\$ 65,495</u>	<u>\$ 95,919</u>	<u>\$ 2,500,000</u>	<u>\$ 2,661,414</u>
<b>NET POSITION</b>				
Restricted For:				
Social services clients	\$ 65,495	\$ -	\$ -	\$ 65,495
Economic development			2,500,000	2,500,000
Drug funds	<u>-</u>	<u>95,919</u>	<u>-</u>	<u>95,919</u>
Total net position	<u>\$ 65,495</u>	<u>\$ 95,919</u>	<u>\$ 2,500,000</u>	<u>\$ 2,661,414</u>

Custodial Funds  
Combining Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2021

	Special Welfare Fund	Drug Seizure Fund	Industrial Development Authority	Total
<b>Additions:</b>				
Contributions				
Private contributions	\$ -	\$ -	\$ -	\$ -
Government contributions	-	-	-	-
Inmate contributions	-	-	-	-
Total contributions	\$ -	\$ -	\$ -	\$ -
Investment earnings:				
Interest	\$ -	\$ -	\$ -	\$ -
Total investment earnings	\$ -	\$ -	\$ -	\$ -
Total additions	\$ -	\$ -	\$ -	\$ -
<b>Deductions:</b>				
Drug Seizure disbursements	\$ -	\$ 3,310	\$ -	\$ 3,310
Total deductions	\$ -	\$ 3,310	\$ -	\$ 3,310
Net increase (decrease) in fiduciary net position	\$ -	\$ (3,310)	\$ -	\$ (3,310)
Net position - beginning, as restated	65,495	99,229	2,500,000	2,664,724
Net position - ending	\$ 65,495	\$ 95,919	\$ 2,500,000	\$ 2,661,414

## Supporting Schedules

Governmental Funds  
Schedule of Revenues -- Budget and Actual  
Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 24,299,632	\$ 24,299,632	\$ 25,737,178	\$ 1,437,546
Real and personal public service corporation property taxes	1,000,000	2,500,000	2,048,729	(451,271)
Personal property taxes	4,625,587	4,625,587	5,976,979	1,351,392
Mobile home taxes	16,000	16,500	16,071	(429)
Machinery and tools taxes	1,606,090	1,606,090	1,185,181	(420,909)
Penalties	600,000	600,000	822,186	222,186
Interest	550,000	550,000	908,683	358,683
Total general property taxes	<u>\$ 32,697,309</u>	<u>\$ 34,197,809</u>	<u>\$ 36,695,007</u>	<u>\$ 2,497,198</u>
Other local taxes:				
Local sales and use taxes	\$ 3,555,000	\$ 4,000,000	\$ 4,361,778	\$ 361,778
Consumer utility taxes	1,810,200	1,810,200	1,978,526	168,326
Business license taxes	2,815,000	2,815,000	2,469,453	(345,547)
Bank stock taxes	225,000	200,000	221,158	21,158
Motor vehicle licenses	420,000	470,000	812,060	342,060
Taxes on recordation and wills	264,980	204,980	322,281	117,301
Cigarette taxes	900,000	800,000	770,189	(29,811)
Admission and amusement taxes	7,000	3,500	13,942	10,442
Lodging taxes	500,000	500,000	629,072	129,072
Meals taxes	2,999,697	2,800,000	3,364,238	564,238
Total other local taxes	<u>\$ 13,496,877</u>	<u>\$ 13,603,680</u>	<u>\$ 14,942,697</u>	<u>\$ 1,339,017</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 1,400	\$ 1,400	\$ 740	\$ (660)
Other permits and licenses	362,200	376,500	618,482	241,982
Total permits, privilege fees and regulatory licenses	<u>\$ 363,600</u>	<u>\$ 377,900</u>	<u>\$ 619,222</u>	<u>\$ 241,322</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 474,143	\$ 260,000	\$ 219,427	\$ (40,573)
Other fines and forfeitures	364,500	247,000	306,033	59,033
Total fines and forfeitures	<u>\$ 838,643</u>	<u>\$ 507,000</u>	<u>\$ 525,460</u>	<u>\$ 18,460</u>
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 115,079	\$ 115,079
Revenue from use of property	355,700	99,000	(378,509)	(477,509)
Total revenue from use of money and property	<u>\$ 355,700</u>	<u>\$ 99,000</u>	<u>\$ (263,430)</u>	<u>\$ (362,430)</u>

Governmental Funds  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services:				
EMS transportation fees	\$ 120,000	\$ 55,000	\$ 44,871	\$ (10,129)
Court costs	253,130	175,250	118,538	(56,712)
Commonwealth attorney fees	5,600	3,000	3,829	829
Sheriff fees	88,450	110,450	131,993	21,543
Other protection	3,000	3,000	3,398	398
Sanitation and waste removal	2,305,000	2,494,262	2,182,874	(311,388)
Recreation fees	35,000	2,500	1,797	(703)
Tourism charges	-	-	15,375	15,375
Treasurer's fees	24,200	90,910	78,448	(12,462)
Other services rendered	128,435	132,240	119,001	(13,239)
Library fees	28,668	8,668	3,687	(4,981)
Total charges for services	<u>\$ 2,991,483</u>	<u>\$ 3,075,280</u>	<u>\$ 2,703,811</u>	<u>\$ (371,469)</u>
Miscellaneous:				
Payment in lieu of tax	\$ 845,097	\$ 845,097	\$ 904,364	\$ 59,267
Other miscellaneous revenue	<u>118,040</u>	<u>128,657</u>	<u>191,419</u>	<u>62,762</u>
Total miscellaneous	<u>\$ 963,137</u>	<u>\$ 973,754</u>	<u>\$ 1,095,783</u>	<u>\$ 122,029</u>
Recovered costs:				
Recoveries and rebates	\$ 197,825	\$ 111,574	\$ 98,563	\$ (13,011)
Gasoline and other items	<u>73,875</u>	<u>77,000</u>	<u>59,275</u>	<u>(17,725)</u>
Total recovered costs	<u>\$ 271,700</u>	<u>\$ 188,574</u>	<u>\$ 157,838</u>	<u>\$ (30,736)</u>
Total revenue from local sources	<u>\$ 51,978,449</u>	<u>\$ 53,022,997</u>	<u>\$ 56,476,388</u>	<u>\$ 3,453,391</u>
Intergovernmental:				
Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 3,000	\$ 3,000	\$ 324	\$ (2,676)
Tax on deeds	50,000	50,000	78,484	28,484
Rolling stock tax	75,000	70,000	72,406	2,406
Auto rental tax	100,000	100,270	125,384	25,114
Communications tax	1,694,000	1,400,000	1,353,821	(46,179)
ABC profits	-	-	-	-
PPTRA	<u>2,726,040</u>	<u>2,726,040</u>	<u>2,726,040</u>	<u>-</u>
Total noncategorical aid	<u>\$ 4,648,040</u>	<u>\$ 4,349,310</u>	<u>\$ 4,356,459</u>	<u>\$ 7,149</u>

Governmental Funds  
Schedule of Revenues -- Budget and Actual  
Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Intergovernmental (Continued):				
Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 798,425	\$ 798,425	\$ 765,862	\$ (32,563)
Sheriff	660,289	660,289	652,480	(7,809)
Commissioner of the Revenue	159,532	159,532	151,213	(8,319)
Treasurer	114,089	114,089	99,051	(15,038)
Registrar/electoral board	42,000	60,665	44,636	(16,029)
Clerk of the Circuit Court	392,976	392,976	338,883	(54,093)
Total shared expenses	<u>\$ 2,167,311</u>	<u>\$ 2,185,976</u>	<u>\$ 2,052,125</u>	<u>\$ (133,851)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 4,123,184	\$ 4,123,184	\$ 3,070,865	\$ (1,052,319)
Comprehensive services act grant	2,719,984	2,719,984	2,293,630	(426,354)
Law enforcement	2,164,576	2,248,996	2,306,822	57,826
Library	156,433	171,136	171,136	-
VJCCCA grant	84,000	84,000	84,000	-
Other state funds	365,000	547,350	618,580	71,230
Total other categorical aid	<u>\$ 9,613,177</u>	<u>\$ 10,007,976</u>	<u>\$ 8,658,359</u>	<u>\$ (1,349,617)</u>
Total categorical aid	<u>\$ 11,780,488</u>	<u>\$ 12,193,952</u>	<u>\$ 10,710,484</u>	<u>\$ (1,483,468)</u>
Total Commonwealth	<u>\$ 16,428,528</u>	<u>\$ 16,543,262</u>	<u>\$ 15,066,943</u>	<u>\$ (1,476,319)</u>
Federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 4,931,163	\$ 4,931,163	\$ 4,716,365	\$ (214,798)
Other federal grants	-	99,514	15,377	(84,137)
Total federal government	<u>\$ 4,931,163</u>	<u>\$ 5,030,677</u>	<u>\$ 4,731,742</u>	<u>\$ (298,935)</u>
<b>Total General Fund</b>	<u><u>\$ 73,338,140</u></u>	<u><u>\$ 74,596,936</u></u>	<u><u>\$ 76,275,073</u></u>	<u><u>\$ 1,678,137</u></u>
<b>Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 10,063	\$ 10,063
Miscellaneous:				
Poor Creek force main replacement	\$ -	\$ 350,000	\$ -	\$ (350,000)
Lock's water line replacement	-	1,995,000	-	(1,995,000)
Water and sewer projects	-	1,275,000	-	(1,275,000)
Other projects	-	187,868	-	(187,868)
Total miscellaneous	<u>\$ -</u>	<u>\$ 3,807,868</u>	<u>\$ -</u>	<u>\$ (3,807,868)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 3,807,868</u>	<u>\$ 10,063</u>	<u>\$ (3,797,805)</u>

Governmental Funds  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>Capital Projects Fund: (Continued)</b>				
Intergovernmental:				
Commonwealth:				
Categorical aid:				
State grant	\$ -	\$ 2,456,820	\$ 371,230	\$ (2,085,590)
Total Commonwealth	\$ -	\$ 2,456,820	\$ 371,230	\$ (2,085,590)
<b>Total Capital Projects Fund</b>	<b>\$ -</b>	<b>\$ 6,264,688</b>	<b>\$ 381,293</b>	<b>\$ (5,883,395)</b>
<b>Special Revenue Funds:</b>				
<b>Federal and State Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 10	\$ 10
Charges for services:				
Law library fees	-	22,000	-	(22,000)
Miscellaneous:				
Miscellaneous	77,686	209,316	155,996	(53,320)
Recovered costs:				
Rebates and recoveries	41,257	41,257	12,550	(28,707)
Total revenue from local sources	\$ 118,943	\$ 272,573	\$ 168,556	\$ (104,017)
Intergovernmental:				
Commonwealth:				
Other categorical aid:				
Street grants	\$ 5,979,013	\$ 8,582,114	\$ 6,226,346	\$ (2,355,768)
Victim witness grants	73,529	73,529	67,280	(6,249)
PETRG	330,179	330,179	276,206	(53,973)
Fire program grant	-	118,079	241,632	123,553
Governors Opportunity Fund	-	2,000,000	-	(2,000,000)
Asset forfeiture - police	30,593	30,593	16,192	(14,401)
Other state revenue	-	130,003	14,836	(115,167)
Total Commonwealth	\$ 6,413,314	\$ 11,264,497	\$ 6,842,492	\$ (4,422,005)
Federal government:				
Categorical aid:				
Coronavirus relief fund	\$ -	\$ 3,258,037	\$ 4,734,852	\$ 1,476,815
Other federal grants	220,588	553,089	1,854,150	1,301,061
Total Federal Government	\$ 220,588	\$ 3,811,126	\$ 6,589,002	\$ 2,777,876
<b>Total Federal and State Projects Fund</b>	<b>\$ 6,752,845</b>	<b>\$ 15,348,196</b>	<b>\$ 13,600,050</b>	<b>\$ (1,748,146)</b>

Governmental Funds  
Schedule of Revenues -- Budget and Actual  
Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>Community Development Act Fund:</b>				
Intergovernmental:				
Federal government:				
Categorical aid:				
Community development block grant	\$ 1,592,032	\$ 1,592,032	\$ 883,690	\$ (708,342)
Total Federal Government	<u>\$ 1,592,032</u>	<u>\$ 1,592,032</u>	<u>\$ 883,690</u>	<u>\$ (708,342)</u>
<b>Total Community Development Act Fund</b>	<u><u>\$ 1,592,032</u></u>	<u><u>\$ 1,592,032</u></u>	<u><u>\$ 883,690</u></u>	<u><u>\$ (708,342)</u></u>
<b>Stormwater Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 4	\$ 4
Charges for services:				
Stormwater charges	<u>1,460,249</u>	<u>1,460,249</u>	<u>1,200,480</u>	<u>(259,769)</u>
<b>Total Stormwater Fund</b>	<u><u>\$ 1,460,249</u></u>	<u><u>\$ 1,460,249</u></u>	<u><u>\$ 1,200,484</u></u>	<u><u>\$ (259,765)</u></u>
<b>Blandford Cemetery Perpetual Care Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ (13,831)	\$ (13,831)
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,831)</u>	<u>\$ (13,831)</u>
Charges for services:				
Sale of lots	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,900</u>	<u>\$ 12,900</u>
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,900</u>	<u>\$ 12,900</u>
<b>Total Blandford Cemetery Perpetual Care Fund</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (931)</u></u>	<u><u>\$ (931)</u></u>
<b>Clara J. McKenney Memorial Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1	\$ 1
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
<b>Total Clara J. McKenney Memorial Fund</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>
<b>Total Nonmajor Funds</b>	<u><u>\$ 9,805,126</u></u>	<u><u>\$ 18,400,477</u></u>	<u><u>\$ 15,683,294</u></u>	<u><u>\$ (2,717,183)</u></u>
<b>Total Primary Government</b>	<u><u>\$ 83,143,266</u></u>	<u><u>\$ 99,262,101</u></u>	<u><u>\$ 92,339,660</u></u>	<u><u>\$ (6,922,441)</u></u>



Governmental Funds  
 Schedule of Expenditures -- Budget and Actual  
 Year Ended June 30, 2021

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government:</b>				
<b>General Fund:</b>				
General government administration:				
Legislative:				
City Council	\$ 294,374	\$ 296,857	\$ 270,755	\$ 26,102
General and financial administration:				
City Manager	\$ 435,930	\$ 640,724	\$ 503,341	\$ 137,383
Public Relations	2,700	1,500	265	1,235
Legal services	307,969	300,221	235,163	65,058
Personnel	389,559	504,771	511,604	(6,833)
Commissioner of the Revenue	374,499	378,065	348,162	29,903
Assessor	554,236	548,586	502,569	46,017
Treasurer	204,129	238,356	221,545	16,811
Finance Director	925,710	1,294,835	1,014,520	280,315
Information systems	1,023,430	1,094,733	1,052,501	42,232
Central garage - motor vehicle repair	-	-	64,862	(64,862)
Billing and collections	549,008	529,227	579,761	(50,534)
Insurance - financial	1,326,945	1,275,000	1,772,592	(497,592)
Virginia Institute of Government	55,000	55,000	53,228	1,772
Total general and financial administration	\$ 6,149,115	\$ 6,861,018	\$ 6,860,113	\$ 905
Board of Elections:				
Registrar	\$ 392,159	\$ 390,536	\$ 376,823	\$ 13,713
Total board of elections	\$ 392,159	\$ 390,536	\$ 376,823	\$ 13,713
Total general government administration	\$ 6,835,648	\$ 7,548,411	\$ 7,507,691	\$ 40,720
Judicial administration:				
Courts:				
Circuit court	\$ 97,936	\$ 97,936	\$ 88,995	\$ 8,941
General district court	55,500	55,500	38,418	17,082
Magistrates	25,000	25,000	25,465	(465)
District J & D relations court	8,250	8,250	3,457	4,793
Clerk of the Circuit Court	726,081	735,961	640,909	95,052
Juvenile court services	207,116	190,759	142,670	48,089
Sheriff	1,635,756	1,738,105	1,660,224	77,881
Total courts	\$ 2,755,639	\$ 2,851,511	\$ 2,600,138	\$ 251,373
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,241,863	\$ 1,278,957	\$ 1,121,195	\$ 157,762
Total judicial administration	\$ 3,997,502	\$ 4,130,468	\$ 3,721,333	\$ 409,135
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 8,078,949	\$ 8,167,261	\$ 8,038,815	\$ 128,446
Emergency communications	1,912,285	1,814,690	1,497,119	317,571
Code compliance	770,955	766,907	685,500	81,407
Criminal justice academy	45,000	45,000	40,605	4,395
Total law enforcement and traffic control	\$ 10,807,189	\$ 10,793,858	\$ 10,262,039	\$ 531,819
Fire and rescue services:				
Fire department	\$ 6,790,312	\$ 6,790,263	\$ 6,472,106	\$ 318,157
Total fire and rescue services	\$ 6,790,312	\$ 6,790,263	\$ 6,472,106	\$ 318,157

Governmental Funds  
Schedule of Expenditures -- Budget and Actual  
Year Ended June 30, 2021 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
Regional jail services	\$ 4,714,080	\$ 4,000,000	\$ 3,615,820	\$ 384,180
11th District Court services	96,588	98,263	89,170	9,093
Juvenile detention home	432,000	450,000	434,705	15,295
Total correction and detention	<u>\$ 5,242,668</u>	<u>\$ 4,548,263</u>	<u>\$ 4,139,695</u>	<u>\$ 408,568</u>
Other protection:				
Animal control	\$ 268,877	\$ 234,867	\$ 209,844	\$ 25,023
Total other protection	<u>\$ 268,877</u>	<u>\$ 234,867</u>	<u>\$ 209,844</u>	<u>\$ 25,023</u>
Total public safety	<u>\$ 23,109,046</u>	<u>\$ 22,367,251</u>	<u>\$ 21,083,684</u>	<u>\$ 1,283,567</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering	\$ 154,508	\$ 261,830	\$ 262,123	\$ (293)
Public works	-	-	8,031	(8,031)
Total highways, streets, bridges and sidewalks	<u>\$ 154,508</u>	<u>\$ 261,830</u>	<u>\$ 270,154</u>	<u>\$ (8,324)</u>
Sanitation and waste removal:				
Refuse collection	\$ 1,565,000	\$ 1,565,000	\$ 1,692,732	\$ (127,732)
Total sanitation and waste removal	<u>\$ 1,565,000</u>	<u>\$ 1,565,000</u>	<u>\$ 1,692,732</u>	<u>\$ (127,732)</u>
Maintenance of general buildings and grounds:				
Building maintenance	\$ 2,779,033	\$ 2,881,678	\$ 3,291,592	\$ (409,914)
Cemeteries maintenance	35,448	35,448	34,788	660
Total maintenance of general buildings and grounds	<u>\$ 2,814,481</u>	<u>\$ 2,917,126</u>	<u>\$ 3,326,380</u>	<u>\$ (409,254)</u>
Total public works	<u>\$ 4,533,989</u>	<u>\$ 4,743,956</u>	<u>\$ 5,289,266</u>	<u>\$ (545,310)</u>
Health and welfare:				
Health:				
Health department	\$ 85,173	\$ 90,076	\$ 73,824	\$ 16,252
Central Virginia Health Services	610,000	610,000	610,000	-
Total health	<u>\$ 695,173</u>	<u>\$ 700,076</u>	<u>\$ 683,824</u>	<u>\$ 16,252</u>
Welfare:				
Social services	\$ 10,605,893	\$ 10,555,493	\$ 8,386,517	\$ 2,168,976
Comprehensive services	4,299,667	4,294,938	3,646,444	648,494
Mental health services	228,349	228,349	228,349	-
Legal aid	358,250	397,762	383,228	14,534
Workforce development	102,825	15,339	15,339	-
Crater District Area Agency on Aging	12,000	12,000	-	12,000
Total welfare	<u>\$ 15,606,984</u>	<u>\$ 15,503,881</u>	<u>\$ 12,659,877</u>	<u>\$ 2,844,004</u>
Total health and welfare	<u>\$ 16,302,157</u>	<u>\$ 16,203,957</u>	<u>\$ 13,343,701</u>	<u>\$ 2,860,256</u>

Governmental Funds  
 Schedule of Expenditures -- Budget and Actual  
 Year Ended June 30, 2021 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Education:				
Contributions to community colleges	\$ 6,608	\$ 6,608	\$ 5,055	\$ 1,553
Contributions to Component Unit - School Board	10,000,000	10,000,000	7,453,605	2,546,395
Total education	<u>\$ 10,006,608</u>	<u>\$ 10,006,608</u>	<u>\$ 7,458,660</u>	<u>\$ 2,547,948</u>
Parks, recreation and cultural:				
Parks and recreation:				
Parks and leisure services	\$ 499,551	\$ 443,798	\$ 446,011	\$ (2,213)
Cultural:				
Library	\$ 988,444	\$ 1,263,819	\$ 1,051,322	\$ 212,497
Museum and visitor services	125,521	105,791	77,556	28,235
Total cultural	<u>\$ 1,113,965</u>	<u>\$ 1,369,610</u>	<u>\$ 1,128,878</u>	<u>\$ 240,732</u>
Total parks, recreation and cultural	<u>\$ 1,613,516</u>	<u>\$ 1,813,408</u>	<u>\$ 1,574,889</u>	<u>\$ 238,519</u>
Community development:				
Planning and community development:				
Planning	\$ 380,755	\$ 518,232	\$ 393,393	\$ 124,839
Economic development	320,597	421,285	347,360	73,925
Cooperative extension program	53,845	53,845	50,000	3,845
Total planning and community development	<u>\$ 755,197</u>	<u>\$ 993,362</u>	<u>\$ 790,753</u>	<u>\$ 202,609</u>
Total community development	<u>\$ 755,197</u>	<u>\$ 993,362</u>	<u>\$ 790,753</u>	<u>\$ 202,609</u>
Nondepartmental:				
Other nondepartmental	\$ 1,424,783	\$ 1,797,106	\$ 724,549	\$ 1,072,557
Contingencies - other	-	232,715	259,494	(26,779)
Total nondepartmental	<u>\$ 1,424,783</u>	<u>\$ 2,029,821</u>	<u>\$ 984,043</u>	<u>\$ 1,045,778</u>
Debt service:				
Principal retirement	\$ 1,850,738	\$ 1,850,738	\$ 3,199,171	\$ (1,348,433)
Interest and fiscal charges	1,681,151	1,681,151	1,469,880	211,271
Total debt service	<u>\$ 3,531,889</u>	<u>\$ 3,531,889</u>	<u>\$ 4,669,051</u>	<u>\$ (1,137,162)</u>
<b>Total General Fund</b>	<u><u>\$ 72,110,335</u></u>	<u><u>\$ 73,369,131</u></u>	<u><u>\$ 66,423,071</u></u>	<u><u>\$ 6,946,060</u></u>
<b>Capital Projects Fund:</b>				
Capital outlays / projects:				
Public works:				
Southside depot restoration	\$ -	\$ 187,868	\$ 96,028	\$ 91,840
Park and ride	-	2,456,820	376,844	2,079,976
Public Utilities	-	3,620,000	2,395	3,617,605
Total public works	<u>\$ -</u>	<u>\$ 6,264,688</u>	<u>\$ 475,267</u>	<u>\$ 5,789,421</u>
<b>Total Capital Projects Fund</b>	<u><u>\$ -</u></u>	<u><u>\$ 6,264,688</u></u>	<u><u>\$ 475,267</u></u>	<u><u>\$ 5,789,421</u></u>

Governmental Funds  
 Schedule of Expenditures -- Budget and Actual  
 Year Ended June 30, 2021 (Continued)

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>Special Revenue Funds:</b>				
<b>Federal and State Projects Fund:</b>				
Judicial administration:				
Courts:				
Victim witness	\$ 294,118	\$ 300,924	\$ 274,432	\$ 26,492
Clerk of circuit court	-	336,390	246,423	89,967
LVA Cares	-	36,312	35,794	518
Law library	-	22,000	20,339	1,661
Total judicial administration	<u>\$ 294,118</u>	<u>\$ 695,626</u>	<u>\$ 576,988</u>	<u>\$ 118,638</u>
Public Safety:				
Law Enforcement and Traffic Control:				
Community corrections	\$ 416,184	\$ 497,110	\$ 362,082	\$ 135,028
Coronavirus relief fund	-	4,829,809	4,611,756	218,053
Forfeited assets	30,593	30,593	4,936	25,657
Other contractual services	-	192,039	67,467	124,572
Total public safety	<u>\$ 446,777</u>	<u>\$ 5,549,551</u>	<u>\$ 5,046,241</u>	<u>\$ 503,310</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets	\$ 5,981,699	\$ 8,584,800	\$ 5,912,019	\$ 2,672,781
Total public works	<u>\$ 5,981,699</u>	<u>\$ 8,584,800</u>	<u>\$ 5,912,019</u>	<u>\$ 2,672,781</u>
Health and welfare:				
Workforce investment act pass-through	\$ -	\$ -	\$ 1,409,280	\$ (1,409,280)
Total health and welfare	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,409,280</u>	<u>\$ (1,409,280)</u>
Community Development:				
Governor's opportunity fund	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
VA Tourism	75,000	115,000	38,777	76,223
Cameron - Jarratt house	-	19,740	16,570	3,170
Total community development	<u>\$ 75,000</u>	<u>\$ 2,134,740</u>	<u>\$ 55,347</u>	<u>\$ 2,079,393</u>
<b>Total Federal and State Projects Fund</b>	<u><u>\$ 6,797,594</u></u>	<u><u>\$ 16,964,717</u></u>	<u><u>\$ 12,999,875</u></u>	<u><u>\$ 3,964,842</u></u>
<b>Community Development Act Fund:</b>				
Community Development:				
Other community development expenditures	\$ 1,592,032	\$ 1,964,001	\$ 862,593	\$ 1,101,408
Total community development	<u>\$ 1,592,032</u>	<u>\$ 1,964,001</u>	<u>\$ 862,593</u>	<u>\$ 1,101,408</u>
<b>Total Community Development Act Fund</b>	<u><u>\$ 1,592,032</u></u>	<u><u>\$ 1,964,001</u></u>	<u><u>\$ 862,593</u></u>	<u><u>\$ 1,101,408</u></u>
<b>Stormwater Fund:</b>				
Public works:				
Sanitation and waste removal:				
Stormwater management program	\$ 1,311,388	\$ 1,311,388	\$ 782,900	\$ 528,488
Debt service:				
Principal retirement	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Interest and fiscal charges	88,861	88,861	88,861	-
Total debt service	<u>\$ 148,861</u>	<u>\$ 148,861</u>	<u>\$ 148,861</u>	<u>\$ -</u>
<b>Total Stormwater Fund</b>	<u><u>\$ 1,460,249</u></u>	<u><u>\$ 1,460,249</u></u>	<u><u>\$ 931,761</u></u>	<u><u>\$ 528,488</u></u>
<b>Total Nonmajor Funds</b>	<u><u>\$ 9,849,875</u></u>	<u><u>\$ 20,388,967</u></u>	<u><u>\$ 14,794,229</u></u>	<u><u>\$ 5,594,738</u></u>
<b>Total Primary Government</b>	<u><u>\$ 81,960,210</u></u>	<u><u>\$ 100,022,786</u></u>	<u><u>\$ 81,692,567</u></u>	<u><u>\$ 18,330,219</u></u>

## Statistical Tables

<u>Section / Table #</u>	<u>Description of Section / Tables</u>
<b>Financial Trends</b>	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)
<b>Revenue Capacity</b>	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
<b>Debt Capacity</b>	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
<b>Demographic and Economic Information</b>	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
<b>Operating Information</b>	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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:				
Net investment in capital assets	\$ 23,120,077	\$ 18,479,417	\$ 22,461,507	\$ 20,896,406
Restricted	8,371,649	8,699,721	3,149,244	3,011,799
Unrestricted	4,144,437	1,133,991	7,091,332	(18,593,137)
Total governmental activities	<u>\$ 35,636,163</u>	<u>\$ 28,313,129</u>	<u>\$ 32,702,083</u>	<u>\$ 5,315,068</u>
Business-type activities:				
Net investment in capital assets	\$ 41,540,929	\$ 40,518,560	\$ 41,072,153	\$ 39,271,737
Restricted	2,198,555	1,334,606	465,941	489,434
Unrestricted	(2,045,948)	(2,029,523)	(1,368,263)	(4,270,209)
Total business-type activities	<u>\$ 41,693,536</u>	<u>\$ 39,823,643</u>	<u>\$ 40,169,831</u>	<u>\$ 35,490,962</u>
Primary government				
Net investment in capital assets	\$ 64,661,006	\$ 58,997,977	\$ 63,533,660	\$ 60,168,143
Restricted	10,570,204	10,034,327	3,615,185	3,501,233
Unrestricted	2,098,489	(895,532)	5,723,069	(22,863,346)
Total primary government	<u>\$ 77,329,699</u>	<u>\$ 68,136,772</u>	<u>\$ 72,871,914</u>	<u>\$ 40,806,030</u>

Table 1

	2016	2017	2018	2019	2020	2021
\$	20,071,779	\$ 20,234,034	\$ 12,518,336	\$ 13,583,894	\$ 15,504,612	\$ 17,842,076
	4,275,250	5,064,216	4,590,712	2,811,860	6,693,963	7,322,643
	(20,842,395)	(9,320,682)	887,135	13,404,941	17,935,631	22,689,927
\$	<u>3,504,634</u>	<u>15,977,568</u>	<u>17,996,183</u>	<u>29,800,695</u>	<u>40,134,206</u>	<u>47,854,646</u>
\$	38,557,116	\$ 37,552,117	\$ 36,152,082	\$ 36,135,036	\$ 35,173,717	\$ 34,870,142
	489,434	491,191	496,007	492,559	516,385	517,291
	(7,542,983)	(5,953,216)	(4,806,833)	(3,770,607)	(96,065)	958,940
\$	<u>31,503,567</u>	<u>32,090,092</u>	<u>31,841,256</u>	<u>32,856,988</u>	<u>35,594,037</u>	<u>36,346,373</u>
\$	58,628,895	\$ 57,786,151	\$ 48,670,418	\$ 49,718,930	\$ 50,678,329	\$ 52,712,218
	4,764,684	5,555,407	5,086,719	3,304,419	7,210,348	7,839,934
	(28,385,378)	(15,273,898)	(3,919,698)	9,634,334	17,839,566	23,648,867
\$	<u>35,008,201</u>	<u>48,067,660</u>	<u>49,837,439</u>	<u>62,657,683</u>	<u>75,728,243</u>	<u>84,201,019</u>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses:</b>										
Governmental activities:										
General government administration	\$ 4,689,240	\$ 5,024,964	\$ 6,124,429	\$ 7,085,421	\$ 7,000,032	\$ 6,987,157	\$ 7,927,159	\$ 6,885,622	\$ 8,106,044	\$ 8,196,453
Judicial administration	2,166,314	2,329,886	2,409,720	2,392,925	2,324,844	2,424,147	3,856,067	3,782,333	4,143,228	4,737,723
Public safety	31,073,384	29,534,876	27,624,108	26,840,786	23,666,410	18,589,827	22,841,419	20,266,142	23,801,885	29,986,158
Public works	15,391,709	13,624,539	12,902,451	12,992,788	11,605,106	7,303,967	8,384,942	8,127,569	10,341,805	11,519,457
Health and welfare	13,193,886	12,472,778	13,358,082	13,703,670	13,488,320	13,891,867	14,560,418	14,495,922	15,810,384	15,949,344
Education	9,157,346	11,476,574	10,289,525	12,048,813	11,673,961	8,775,894	9,624,056	9,503,706	9,305,976	7,610,850
Parks, recreation, and cultural	2,547,419	7,557,488	2,819,867	2,445,593	2,216,162	1,642,337	2,160,173	2,001,456	2,187,262	1,955,150
Community development	3,304,525	3,277,237	3,855,151	6,152,338	6,286,581	6,324,991	3,806,619	522,584	1,115,561	1,565,541
Interest and other fiscal charges	1,127,482	1,228,991	1,016,546	1,541,463	1,648,599	1,768,995	2,217,670	2,129,755	1,878,322	1,548,769
<b>Total governmental activities expenses</b>	<b>\$ 82,651,305</b>	<b>\$ 86,527,333</b>	<b>\$ 80,399,879</b>	<b>\$ 85,203,797</b>	<b>\$ 79,910,015</b>	<b>\$ 67,709,182</b>	<b>\$ 75,378,523</b>	<b>\$ 67,715,089</b>	<b>\$ 76,690,467</b>	<b>\$ 83,069,445</b>
Business-type activities:										
Public Utility	\$ 9,292,960	\$ 9,490,563	\$ 9,095,733	\$ 10,141,929	\$ 10,248,093	\$ 10,639,774	\$ 12,441,601	\$ 12,141,089	\$ 12,012,231	\$ 12,683,017
Mass transit	4,442,057	4,233,740	4,343,710	4,429,192	5,133,570	4,359,362	4,606,470	4,561,067	4,656,217	5,401,586
Golf Course	1,151,540	1,110,021	1,203,286	1,256,939	1,186,181	969,240	1,036,387	1,080,225	1,187,580	1,221,635
<b>Total business-type activities expenses</b>	<b>\$ 14,886,557</b>	<b>\$ 14,834,324</b>	<b>\$ 14,642,729</b>	<b>\$ 15,828,060</b>	<b>\$ 16,567,844</b>	<b>\$ 15,968,376</b>	<b>\$ 18,084,458</b>	<b>\$ 17,782,381</b>	<b>\$ 17,856,028</b>	<b>\$ 19,306,238</b>
<b>Total primary government expenses</b>	<b>\$ 97,537,862</b>	<b>\$ 101,361,657</b>	<b>\$ 95,042,608</b>	<b>\$ 101,031,857</b>	<b>\$ 96,477,859</b>	<b>\$ 83,677,558</b>	<b>\$ 93,462,981</b>	<b>\$ 85,497,470</b>	<b>\$ 94,546,495</b>	<b>\$ 102,375,683</b>
<b>Program revenues:</b>										
Governmental activities:										
Charges for services:										
General government administration	\$ -	\$ 350,714	\$ 228,416	\$ 177,548	\$ 108,845	\$ 390,688	\$ 363,981	\$ 147,510	\$ 300,581	\$ 197,449
Judicial administration	1,000,340	615,372	680,649	562,613	458,825	929,815	1,082,849	1,098,413	830,012	647,827
Public safety	619,311	461,406	536,074	723,770	973,578	725,906	602,947	612,964	555,338	799,484
Public works	1,581,645	2,125,662	3,042,325	3,155,209	3,394,087	4,116,778	3,893,878	3,637,859	2,760,827	3,396,254
Health and welfare	-	-	6,665	-	-	-	-	-	-	-
Parks, recreation, and cultural	82,202	98,246	80,473	144,757	91,383	86,805	49,001	66,522	47,445	5,484
Community development	35,081	307,123	209,969	473,614	18,999	12,123	-	86	500	15,375
Operating grants and contributions:										
General government administration	305,189	291,559	305,503	299,039	335,426	302,173	289,748	290,210	312,073	294,900
Judicial administration	993,434	962,643	1,051,708	1,183,964	1,271,503	1,047,600	1,174,451	1,180,738	1,198,203	1,188,745
Public safety	7,504,260	7,096,135	7,682,641	7,280,645	4,722,327	3,885,072	5,471,648	4,673,680	13,430,779	15,269,093
Public works	4,907,577	5,001,123	5,167,493	5,400,118	6,887,122	3,683,938	1,329,953	1,484,487	1,948,746	2,240,216
Health and welfare	9,757,395	8,845,264	9,667,570	9,704,194	10,212,459	10,617,628	10,264,868	11,075,090	10,588,298	10,080,860
Parks, recreation, and cultural	141,719	274,093	145,774	145,622	181,506	148,257	114,812	149,229	156,433	171,136
Community development	505,493	1,081,150	850,812	444,873	438,227	852,535	446,356	615,138	486,924	883,690
Capital grants and contributions:										
Public works	763,981	1,014,283	6,312,018	3,154	26,804	-	-	-	-	-
Community development	-	-	19,920	-	-	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>\$ 28,197,627</b>	<b>\$ 28,524,773</b>	<b>\$ 35,988,010</b>	<b>\$ 29,699,120</b>	<b>\$ 29,121,091</b>	<b>\$ 26,799,318</b>	<b>\$ 25,084,492</b>	<b>\$ 25,031,926</b>	<b>\$ 32,616,159</b>	<b>\$ 35,190,513</b>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Program revenues: (Continued)</b>										
Business-type activities:										
Charges for services:										
Public Utility	\$ 9,539,367	\$ 9,130,177	\$ 9,107,233	\$ 8,758,140	\$ 7,180,519	\$ 12,334,213	\$ 13,055,145	\$ 14,620,549	\$ 14,424,910	\$ 14,495,995
Mass Transit	474,125	536,463	528,470	579,124	617,774	990,242	749,775	674,059	550,732	245,732
Golf course	683,792	709,000	701,000	694,111	693,901	703,735	660,498	657,094	774,390	887,952
Operating grants and contributions:										
Mass Transit	1,089,908	1,403,671	1,768,821	3,144,068	2,091,584	2,194,278	1,486,068	1,561,230	3,668,091	3,049,666
Capital grants and contributions										
Public Utility	558,422	-	-	-	-	-	-	-	-	-
Mass Transit	1,156,832	376,333	2,003,498	158,355	784,525	18,616	-	-	-	-
Total business-type activities program revenues	\$ 13,502,446	\$ 12,155,644	\$ 14,109,022	\$ 13,333,798	\$ 11,368,303	\$ 16,241,084	\$ 15,951,486	\$ 17,512,932	\$ 19,418,123	\$ 18,679,345
Total primary government program revenues	\$ 41,700,073	\$ 40,680,417	\$ 50,097,032	\$ 43,032,918	\$ 40,489,394	\$ 43,040,402	\$ 41,035,978	\$ 42,544,858	\$ 52,034,282	\$ 53,869,858
Net (expense) / revenue										
Governmental activities	\$ (54,453,678)	\$ (58,002,560)	\$ (44,411,869)	\$ (55,504,677)	\$ (50,788,924)	\$ (40,909,864)	\$ (50,294,031)	\$ (42,683,163)	\$ (44,074,308)	\$ (47,878,932)
Business-type activities	(1,384,111)	(2,678,680)	(533,707)	(2,494,262)	(5,199,541)	272,708	(2,132,972)	(269,449)	1,562,095	(626,893)
Total primary government net expense	\$ (55,837,789)	\$ (60,681,240)	\$ (44,945,576)	\$ (57,998,939)	\$ (55,988,465)	\$ (40,637,156)	\$ (52,427,003)	\$ (42,952,612)	\$ (42,512,213)	\$ (48,505,825)
<b>General Revenues and Other Change in Net Position</b>										
Governmental activities:										
General property taxes	\$ 34,093,970	\$ 33,726,929	\$ 34,394,416	\$ 33,418,636	\$ 31,963,589	\$ 34,862,878	\$ 36,240,761	\$ 35,340,387	\$ 34,934,870	\$ 36,683,485
Local sales and use taxes	3,755,828	3,738,656	3,530,101	3,715,835	3,528,238	3,663,381	3,870,538	4,068,868	4,235,470	4,361,778
Consumer utility taxes	1,658,993	1,761,728	1,638,787	1,715,224	1,918,122	1,758,638	1,635,049	2,013,020	1,975,148	1,978,526
Business license taxes	2,931,183	2,876,387	2,727,728	2,797,490	2,659,030	2,912,639	3,026,524	2,917,586	2,448,809	2,469,453
Motor Vehicle license taxes	511,083	502,714	487,391	420,192	389,349	372,125	534,372	330,908	634,750	812,060
Lodging taxes	294,194	273,899	268,575	256,522	320,486	436,032	541,498	578,420	550,594	629,072
Meals tax	1,559,147	2,211,886	2,423,433	2,571,793	2,948,184	2,843,808	3,421,414	3,494,500	2,987,766	3,364,238
Other local taxes	571,077	566,682	618,970	602,467	578,287	1,499,793	1,543,672	1,561,263	1,443,628	1,327,570
Unrestricted revenues from use of money and property										
Miscellaneous	383,397	397,947	487,382	231,452	490,012	253,178	1,172,336	222,256	533,301	(267,183)
Grants and contributions not restricted to specific programs	476,189	4,835,521	4,936,135	4,828,315	4,749,525	5,129,284	4,579,424	4,568,152	4,513,924	4,356,459
Gain/(Loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Transfers (net)	(499,618)	(802,736)	(878,560)	-	(1,207,175)	(717,248)	(1,408,020)	(1,273,098)	(1,380,228)	(1,367,865)
Total governmental activities	\$ 50,493,454	\$ 51,375,219	\$ 51,496,097	\$ 51,662,483	\$ 48,978,490	\$ 53,382,799	\$ 56,861,451	\$ 54,678,464	\$ 54,194,249	\$ 55,599,372
Business-type activities:										
Unrestricted revenues from use of money and property										
Miscellaneous	\$ -	\$ 6,051	\$ 1,335	\$ 1,181	\$ 4,971	\$ 3,362	\$ 7,596	\$ 12,083	\$ 8,296	\$ 906
Transfers	499,618	802,736	878,560	-	1,207,175	717,248	1,408,020	1,273,098	1,380,228	1,367,865
Total business-type activities	\$ 499,618	\$ 808,787	\$ 879,895	\$ 1,181	\$ 1,212,146	\$ 720,610	\$ 1,415,616	\$ 1,285,181	\$ 1,388,524	\$ 1,379,229
Total primary government	\$ 50,993,072	\$ 52,184,006	\$ 52,375,992	\$ 51,663,664	\$ 50,190,636	\$ 54,103,409	\$ 58,277,067	\$ 55,963,645	\$ 55,582,773	\$ 56,978,601
<b>Change in Net Position</b>										
Governmental activities	\$ (3,960,224)	\$ (6,627,341)	\$ 7,084,228	\$ (3,842,194)	\$ (1,810,434)	\$ 12,472,935	\$ 6,567,420	\$ 11,995,301	\$ 10,119,941	\$ 7,720,440
Business-type activities	(884,493)	(1,869,893)	346,188	(2,493,081)	(3,987,395)	993,318	(717,356)	1,015,732	2,950,619	752,336
Total primary government	\$ (4,844,717)	\$ (8,497,234)	\$ 7,430,416	\$ (6,335,275)	\$ (5,797,829)	\$ 13,466,253	\$ 5,850,064	\$ 13,011,033	\$ 13,070,560	\$ 8,472,776

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
2012	\$ 34,093,970	\$ 3,755,828	\$ 1,658,993	\$ 2,931,183	\$ 511,083	\$ 294,194	\$ 1,559,147	\$ 571,077	\$ 45,375,475
2013	33,726,929	3,738,656	1,761,728	2,876,387	502,714	273,899	2,211,886	566,682	45,658,881
2014	34,394,416	3,530,101	1,638,787	2,727,728	487,391	268,575	2,423,433	618,970	46,089,401
2015	33,418,636	3,715,835	1,715,224	2,797,490	420,192	256,522	2,571,793	602,467	45,498,159
2016	31,963,589	3,528,238	1,918,122	2,659,030	389,349	320,486	2,948,184	578,287	44,305,285
2017	34,862,878	3,663,381	1,758,638	2,912,639	372,125	436,032	2,843,808	1,499,793	48,349,294
2018	36,240,761	3,870,538	1,635,049	3,026,524	534,372	541,498	3,421,414	1,543,672	50,813,828
2019	35,340,387	4,068,868	2,013,020	2,917,586	330,908	578,420	3,494,500	1,561,263	50,304,952
2020	34,934,870	4,235,470	1,975,148	2,448,809	634,750	550,594	2,987,766	1,443,628	49,211,035
2021	36,683,485	4,361,778	1,978,526	2,469,453	812,060	629,072	3,364,238	1,327,570	51,626,182

CITY OF PETERSBURG, VIRGINIA

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

	2012	2013	2014	2015	2016
<b>General fund</b>					
<b>Nonspendable:</b>					
Inventory and land held for resale	\$ 4,891,455	\$ 5,234,818	\$ 6,001,237	\$ 5,352,974	\$ 5,153,436
Interfund loans	250,071	250,071	250,071	250,071	250,071
Prepaid items	-	-	-	-	-
<b>Restricted:</b>					
Debt service	3,080,364	3,509,985	3,969,947	4,314,400	3,855,383
Grants	172,560	172,560	-	-	-
<b>Committed:</b>					
General government	-	102,786	-	-	-
Public safety	-	125,780	-	-	-
Public works	-	28,422	-	-	-
Parks, recreation and cultural	-	10,299	-	-	-
Community development	-	12,901	-	-	-
Land acquisition	-	-	-	-	-
Rives Road widening	-	-	-	-	-
Walnut Hill Elementary School	-	-	-	-	-
Employee bonuses	-	-	-	-	-
Petersburg Public School Operations Center	-	-	-	-	-
Health and welfare	-	-	-	-	-
<b>Assigned:</b>					
General government	-	-	-	-	-
Police Department	-	-	-	-	-
Fire Department	-	-	-	-	-
Jail	-	-	-	-	-
Engineering	-	-	-	-	-
Street maintenance	-	-	-	-	-
Building maintenance	-	-	-	-	-
Library	-	-	-	-	-
Tourism	-	-	-	-	-
Other purposes	-	-	-	-	-
<b>Unassigned</b>	4,615,214	1,725,979	174,507	(5,011,152)	(7,728,395)
<b>Reserved:</b>					
Inventory	-	-	-	-	-
Encumbrances	-	-	-	-	-
Unreserved, undesignated	-	-	-	-	-
<b>Total general fund</b>	<u>\$ 13,009,664</u>	<u>\$ 11,173,601</u>	<u>\$ 10,395,762</u>	<u>\$ 4,906,293</u>	<u>\$ 1,530,495</u>
<b>All other governmental funds</b>					
<b>Nonspendable:</b>					
Interfund loans - capital projects	\$ 279,781	\$ -	\$ -	\$ -	\$ -
Cemetery Perpetual care and library	1,773,666	1,760,833	1,819,336	1,842,730	1,865,993
Prepaid items	-	-	7,019	-	-
McKenney scholarships	19,009	19,014	19,017	8,534	8,536
<b>Restricted:</b>					
Grants	462,609	293,342	1,310,891	1,160,535	2,400,721
Capital projects	2,863,440	2,943,987	2,695,274	9,546,748	9,039,068
<b>Committed:</b>					
Stormwater	-	-	-	-	-
<b>Assigned to:</b>					
LT Run Watershed Study - stream restoration	-	-	-	-	-
Centre Hill drainage improvement	-	-	-	-	-
Passenger train station	-	-	-	-	-
Prince George PPEA project	-	-	-	-	-
Poor Creek Pump Station	-	-	-	-	-
Health Department	-	-	-	-	-
School projects	-	-	-	-	-
Other purposes	-	-	-	-	-
<b>Reserved:</b>					
Capital projects	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Permanent funds	-	-	-	-	-
<b>Unreserved, reported in:</b>					
<b>Non-major:</b>					
Special revenue funds (deficit)	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 5,398,505</u>	<u>\$ 5,017,176</u>	<u>\$ 5,851,537</u>	<u>\$ 12,558,547</u>	<u>\$ 13,314,318</u>
<b>Total fund balances</b>	<u>\$ 18,408,169</u>	<u>\$ 16,190,777</u>	<u>\$ 16,247,299</u>	<u>\$ 17,464,840</u>	<u>\$ 14,844,813</u>



CITY OF PETERSBURG, VIRGINIA

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

	2012	2013	2014	2015	2016
<b>Revenues:</b>					
General property taxes	\$ 33,388,519	\$ 33,787,723	\$ 33,299,800	\$ 32,558,767	\$ 34,495,560
Other local taxes	11,281,505	11,931,952	11,694,985	12,079,523	12,341,696
Permits, privilege fees and regulatory licenses	559,870	589,836	570,939	686,551	496,899
Fines and forfeitures	786,925	784,879	714,870	765,358	407,471
Revenue from use of money and property	383,397	397,947	487,382	231,452	489,754
Charges for services	1,971,784	2,583,808	3,498,762	3,785,602	4,141,347
Miscellaneous	472,304	1,285,606	861,739	1,104,557	641,101
Recovered costs	35,966	1,153,960	1,189,699	312,402	416,380
<b>Intergovernmental:</b>					
Commonwealth	23,474,260	23,044,851	23,487,926	23,548,977	22,492,191
Federal	6,166,684	6,356,920	6,444,971	5,740,947	6,332,708
<b>Total revenues</b>	<b>\$ 78,521,214</b>	<b>\$ 81,917,482</b>	<b>\$ 82,251,073</b>	<b>\$ 80,814,136</b>	<b>\$ 82,255,107</b>
<b>Expenditures:</b>					
General government administration	\$ 4,623,610	\$ 5,754,005	\$ 7,163,426	\$ 7,524,695	\$ 7,442,109
Judicial administration	1,942,608	2,179,386	2,491,818	2,463,424	2,382,411
Public safety	29,063,421	28,748,274	27,484,115	27,606,870	23,060,160
Public works	13,148,715	11,822,628	11,417,788	10,981,210	12,285,985
Health and welfare	13,035,375	12,077,260	12,943,794	13,680,829	13,319,206
Education	10,270,452	12,464,698	10,858,309	12,162,407	12,071,503
Parks, recreation, and cultural	2,366,214	7,711,017	2,968,898	2,410,228	2,155,546
Community development	3,422,572	3,210,767	3,845,518	6,173,516	6,177,866
Nondepartmental	1,968,166	1,583,016	1,740,834	1,499,907	1,316,723
<b>Debt service:</b>					
Principal retirement	3,520,535	4,422,975	2,350,820	1,274,446	4,741,043
Interest and other fiscal charges	1,108,836	1,309,349	1,306,617	2,603,645	1,715,407
<b>Total expenditures</b>	<b>\$ 84,470,504</b>	<b>\$ 91,283,375</b>	<b>\$ 84,571,937</b>	<b>\$ 88,381,177</b>	<b>\$ 86,667,959</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (5,949,290)</b>	<b>\$ (9,365,893)</b>	<b>\$ (2,320,864)</b>	<b>\$ (7,567,041)</b>	<b>\$ (4,412,852)</b>
<b>Other financing sources (uses):</b>					
Transfers in	\$ 493,471	\$ 1,291,148	\$ 870,061	\$ 235,078	\$ 719,040
Transfers (out)	(993,090)	(2,093,885)	(1,748,621)	(235,078)	(1,926,215)
Proceeds from capital leases	165,000	1,030,747	691,910	703,067	-
Sale of assets	-	-	-	-	-
Issuance of debt	1,530,000	5,000,000	2,330,000	7,292,000	3,000,000
Premium(discount) on debt issued	-	-	234,035	789,515	-
Proceeds from refunding bonds	-	3,751,828	-	-	-
Payment to refunded bond escrow agent	-	(1,831,338)	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 1,195,381</b>	<b>\$ 7,148,500</b>	<b>\$ 2,377,385</b>	<b>\$ 8,784,582</b>	<b>\$ 1,792,825</b>
<b>Net changes in fund balances</b>	<b>\$ (4,753,909)</b>	<b>\$ (2,217,393)</b>	<b>\$ 56,521</b>	<b>\$ 1,217,541</b>	<b>\$ (2,620,027)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>5.89%</b>	<b>6.63%</b>	<b>4.58%</b>	<b>4.49%</b>	<b>7.81%</b>

Table 5

	2017	2018	2019	2020	2021
\$	33,735,254	\$ 33,025,417	\$ 35,568,665	\$ 34,396,701	\$ 36,695,007
	13,486,416	14,573,067	14,964,565	14,276,165	14,942,697
	545,099	272,177	364,217	346,167	619,222
	765,982	774,641	826,862	643,894	525,460
	253,178	1,172,336	222,256	533,301	(267,183)
	4,951,034	4,945,838	4,372,275	3,504,642	3,917,191
	368,291	1,703,883	856,202	1,316,217	1,251,779
	906,066	353,329	327,426	282,429	170,388
	19,273,814	17,443,094	16,713,422	24,501,093	22,280,665
	6,392,673	6,228,166	7,323,302	8,134,287	12,204,434
\$	<u>80,677,807</u>	<u>\$ 80,491,948</u>	<u>\$ 81,539,192</u>	<u>\$ 87,934,896</u>	<u>\$ 92,339,660</u>
\$	6,993,994	\$ 8,262,762	\$ 7,598,603	\$ 8,780,693	\$ 7,507,691
	2,605,677	3,917,266	4,091,040	3,928,809	4,298,321
	19,146,589	26,317,824	23,390,248	23,240,927	26,129,925
	6,368,696	8,414,780	8,345,458	10,230,844	12,459,452
	13,281,272	14,710,607	15,319,790	15,764,953	14,752,981
	8,969,881	8,992,665	9,190,686	9,142,690	7,458,660
	1,429,786	2,005,047	2,006,816	1,962,496	1,574,889
	5,999,339	1,583,268	1,072,643	1,229,689	1,708,693
	2,660,937	1,056,598	845,624	234,946	984,043
	4,681,403	16,330,767	4,156,967	1,953,305	3,259,171
	1,803,387	2,889,705	2,111,875	1,906,699	1,558,741
\$	<u>73,940,961</u>	<u>\$ 94,481,289</u>	<u>\$ 78,129,750</u>	<u>\$ 78,376,051</u>	<u>\$ 81,692,567</u>
\$	<u>6,736,846</u>	<u>\$ (13,989,341)</u>	<u>\$ 3,409,442</u>	<u>\$ 9,558,845</u>	<u>\$ 10,647,093</u>
\$	-	\$ 238,330	\$ 140,257	\$ 232,049	\$ 193,610
	(717,248)	(1,646,350)	(1,413,355)	(1,612,277)	(1,561,475)
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	(259,580)	-	951,754	-
	-	27,205,000	-	5,274,750	-
	-	(5,925,555)	-	(6,116,683)	-
\$	<u>(717,248)</u>	<u>\$ 19,611,845</u>	<u>\$ (1,273,098)</u>	<u>\$ (1,270,407)</u>	<u>\$ (1,367,865)</u>
\$	<u>6,019,598</u>	<u>\$ 5,622,504</u>	<u>\$ 2,136,344</u>	<u>\$ 8,288,438</u>	<u>\$ 9,279,228</u>
	<u>9.01%</u>	<u>21.29%</u>	<u>8.24%</u>	<u>5.13%</u>	<u>6.22%</u>

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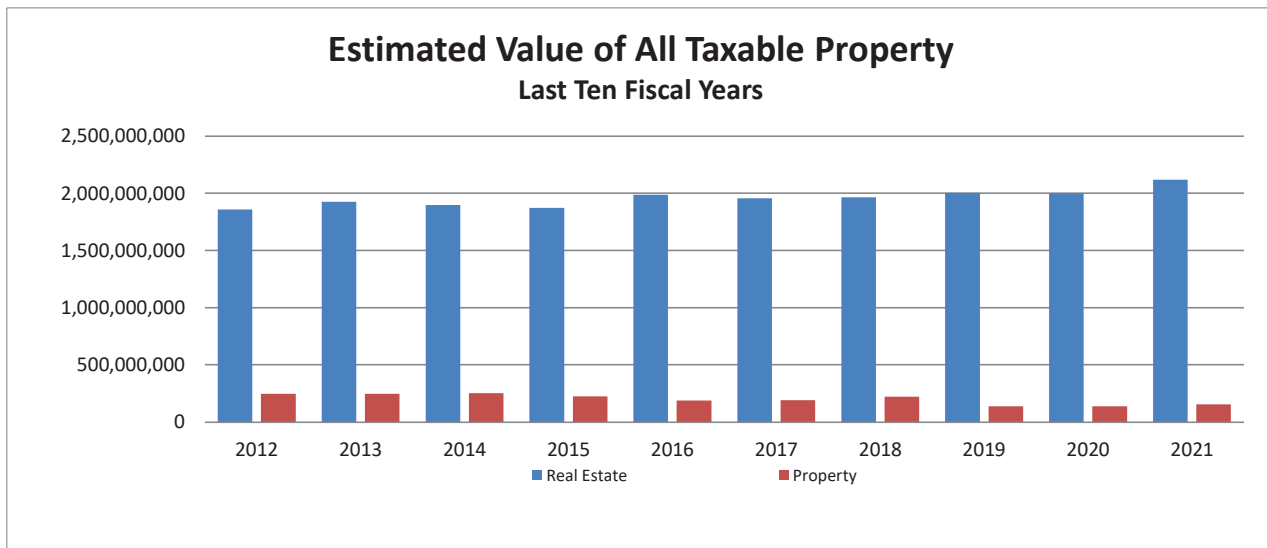
Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

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
2012	\$ 33,388,519	\$ 3,755,828	\$ 1,658,993	\$ 2,931,183	\$ 511,083	\$ 294,194	\$ 1,559,147	\$ 571,077	\$ 44,670,024
2013	33,787,723	3,738,656	1,761,728	2,876,387	502,714	273,899	2,211,886	566,682	45,719,675
2014	33,299,800	3,530,101	1,638,787	2,727,728	487,391	268,575	2,423,433	618,970	44,994,785
2015	32,558,767	3,715,835	1,715,224	2,797,490	420,192	256,522	2,571,793	602,467	44,638,290
2016	34,495,560	3,528,238	1,918,122	2,659,030	389,349	320,486	2,948,184	578,287	46,837,256
2017	33,735,254	3,663,381	1,758,638	2,912,639	372,125	436,032	2,843,808	1,499,793	47,221,670
2018	33,025,417	3,870,538	1,635,049	3,026,524	534,372	541,498	3,421,414	1,543,672	47,598,484
2019	35,568,665	4,068,868	2,013,020	2,917,586	330,908	578,420	3,494,500	1,561,263	50,533,230
2020	34,396,701	4,235,470	1,975,148	2,448,809	634,750	550,594	2,987,766	1,443,628	48,672,866
2021	36,695,007	4,361,778	1,978,526	2,469,453	812,060	629,072	3,364,238	1,327,570	51,637,704

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)
2012	\$ 1,857,317,235	\$ 246,651,794	\$ 2,103,969,029	\$ 1.55
2013	1,926,214,795	246,783,150	2,172,997,945	1.53
2014	1,897,715,161	251,007,184	2,148,722,345	1.54
2015	1,873,395,296	223,450,973	2,096,846,269	1.51
2016	1,987,471,782	187,871,989	2,175,343,771	1.46
2017	1,956,730,916	190,415,656	2,147,146,572	1.50
2018	1,965,756,426	220,607,725	2,186,364,151	1.53
2019	2,004,000,624	138,219,693	2,142,220,317	1.42
2020	2,001,875,812	138,564,439	2,140,440,251	1.43
2021	2,119,250,297	155,301,766	2,274,552,063	1.43

Source: Commissioner of the Revenue



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

Property Tax Rates  
Last Ten Fiscal Years

<b>Fiscal Years Ending June 30,</b>	<b>Real Estate</b>	<b>Business and Individuals</b>	<b>Machinery and Tools</b>	<b>Mobile Homes</b>	<b>Total Direct Tax Rate (1)</b>
2012	\$ 1.35	\$ 4.40	\$ 3.80	\$ 1.35	1.55
2013	1.35	4.40	3.80	1.35	1.53
2014	1.35	4.40	3.80	1.35	1.54
2015	1.35	4.40	3.80	1.35	1.51
2016	1.35	4.40	3.80	1.35	1.46
2017	1.35	4.90	3.80	1.35	1.50
2018	1.35	4.90	3.80	1.35	1.53
2019	1.35	4.90	3.80	1.35	1.42
2020	1.35	4.90	3.80	1.35	1.43
2021	1.35	4.90	3.80	1.35	1.43

Source - Commissioner of the Revenue

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

CITY OF PETERSBURG, VIRGINIA

Principal Business Taxpayers  
 Most Recent Year Available and Nine Years Ago

Taxpayer	2021			Rank	Percentage of Total Assessed Valuation
	Real Property Valuation	Personal Property Valuation	Total Valuation		
Bon Secours Mercy Health	\$ 100,070,100	\$ 11,459,369	\$ 111,529,469	1	5.79%
Addison @ Crater Woods LLC	38,808,000	-	38,808,000	2	2.02%
1200 Acqua LLC	32,928,000	-	32,928,000	3	1.71%
AMPAC Chemicals	19,068,600	2,263,785	21,332,385	4	1.11%
Brenco Incorporated	18,399,900	15,544,459	33,944,359	5	1.76%
GeorgeTown Square	16,320,000	27,689	16,347,689	6	0.85%
Petersburg Lofts Richmond Dunlop St	14,961,300	-	14,961,300	7	0.78%
Old Towne Loft Apartments	13,217,978	-	13,217,978	8	0.69%
Summit Woodrock Partners LLC	11,676,200	-	11,676,200	9	0.61%
MPT Petersburg/Healthsouth	11,241,300	827,510	12,068,810	10	0.63%
Total	\$ 276,691,378	\$ 30,122,812	\$ 306,814,190		15.94%

Source: Commissioner of the Revenue

Table 9

2011				
Real Property Valuation	Personal Property Valuation	Total Valuation	Rank	Percentage of Total Assessed Valuation
\$ 98,710,100	\$ 12,370,559	\$ 111,080,659		5.04%
-	-	-	1	
-	-	-		
-	-	-		
16,641,100	10,645,776	27,286,876		1.24%
14,233,000	14,618	14,247,618	4	0.65%
-	-	-	6	
-	-	-		
-	-	-		
9,331,000	515,015	9,846,015		0.45%
<u>\$ 277,830,400</u>	<u>\$ 47,091,936</u>	<u>\$ 324,922,336</u>		<u>7.38%</u>

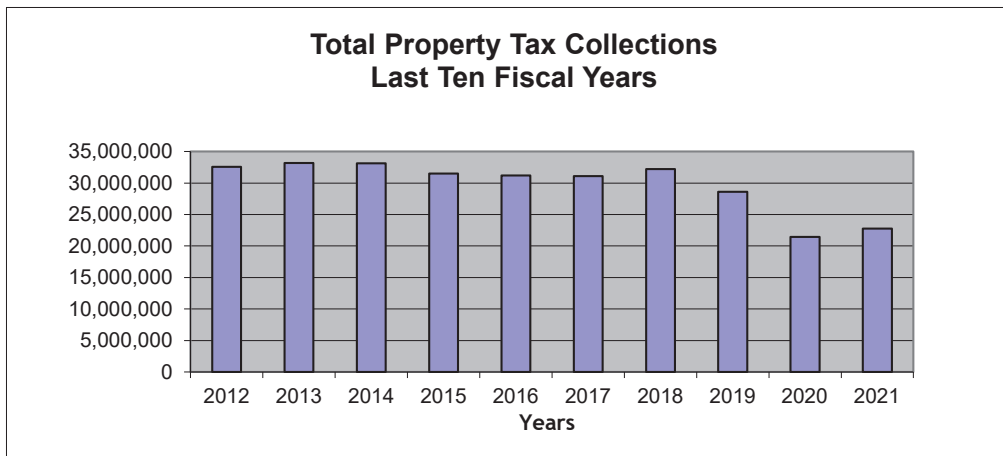
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Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Tax Collections			Outstanding Delinquent At End of Fiscal Year (2)	As Percent of Current Levy
				Delinquent Computed Amount	Total Amount	As Percent of Current Levy		
2012	\$ 32,693,624	\$ 30,092,517	92.04%	\$ 2,492,300	\$ 32,584,817	99.67%	\$ 108,807	0.33%
2013	33,280,733	31,079,168	93.38%	2,099,879	33,179,047	99.69%	101,686	0.31%
2014	33,169,073	30,643,027	92.38%	2,518,562	33,161,589	99.98%	7,484	0.02%
2015	31,769,767	30,122,272	94.81%	1,389,357	31,511,629	99.19%	258,138	0.81%
2016	31,753,778	30,451,031	95.90%	779,294	31,230,325	98.35%	523,453	1.65%
2017	32,108,130	29,588,251	92.15%	1,498,926	31,087,177	96.82%	1,020,953	3.18%
2018	33,529,282	25,222,970	75.23%	7,014,311	32,237,281	96.15%	1,292,001	3.85%
2019	30,428,938	23,330,091	76.67%	5,271,816	28,601,907	94.00%	1,827,031	6.00%
2020	30,511,970	21,430,120	70.24%	-	21,430,120	70.24%	4,487,593	14.71%
2021	32,789,507	22,778,383	69.47%	-	22,778,383	69.47%	7,733,587	23.59%

(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
2012	\$ 23,940,398	\$ -	\$ 3,875,000	\$ 1,098,460	\$ 2,574,563	\$ 6,795,695
2013	27,807,281	-	3,450,000	1,788,320	1,971,081	6,795,695
2014	29,432,511	-	3,025,000	1,883,854	1,346,407	6,795,695
2015	33,873,564	-	2,600,000	2,707,695	694,935	8,795,695
2016	32,676,492	2,575,863	2,175,000	1,958,003	-	7,395,695
2017	30,712,204	1,946,532	1,750,000	1,280,219	-	6,410,695
2018	41,027,152	2,230,000	200,000	626,789	-	6,210,695
2019	39,532,494	2,175,000	150,000	247,460	-	3,868,528
2020	37,046,188	2,120,000	100,000	-	-	3,668,528
2021	35,633,688	2,060,000	50,000	-	-	1,931,857

(1) Table 15

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

(3) General Bond Debt

N/A - Data not available



Table 11

<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>
\$ 5,310,603	\$ 247,334	\$ 43,842,053	32,948	N/A	1,331
5,031,261	155,832	46,999,470	33,112	N/A	1,419
5,333,060	4,321,572	52,138,099	33,112	N/A	1,575
12,650,371	5,276,761	66,599,021	32,421	N/A	2,054
12,426,745	5,058,898	64,266,696	32,421	N/A	1,982
12,036,009	4,772,740	58,908,399	32,420	N/A	1,817
11,745,632	4,476,931	66,517,199	31,746	N/A	2,095
11,444,359	4,246,701	61,664,542	31,430	N/A	1,962
10,904,196	3,993,107	57,832,019	31,673	N/A	1,826
10,584,674	3,630,327	53,890,546	33,458	N/A	1,611

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
2012	32,948	2,103,969,029	29,251,001	29,251,001	1.39%	888
2013	33,112	2,172,997,945	32,838,542	32,838,542	1.51%	992
2014	33,112	2,148,722,345	34,765,571	34,765,571	1.62%	1,050
2015	32,421	2,096,846,269	46,523,935	46,523,935	2.22%	1,435
2016	32,421	2,175,343,771	45,103,237	45,103,237	2.07%	1,391
2017	32,420	2,147,146,572	42,748,213	42,748,213	1.99%	1,319
2018	31,746	2,186,364,151	52,772,784	52,772,784	2.41%	1,662
2019	31,430	2,142,220,317	50,976,853	50,976,853	2.38%	1,622
2020	31,673	2,140,440,251	47,950,384	47,950,384	2.24%	1,514
2021	33,458	2,274,552,063	46,218,362	46,218,362	2.03%	1,381

(1) United States Census

(2) From Table 7

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

	<u>Total Direct Debt (1)</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
City of Petersburg	\$ 39,675,545	100%	\$ 39,675,545
Total assessed value of real estate			\$ <u>1,965,756,426</u>
10% legal debt limit			\$ <u><u>196,575,643</u></u>

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

General Obligation Bonds	\$ 35,633,688
Stormwater Revenue Bonds	2,060,000
State Literary Fund Loans	50,000
School Qualified Zone Academy Bonds	<u>1,931,857</u>
Total	<u><u>\$ 39,675,545</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:							
2012	\$ 9,539,367	\$ 7,764,599	\$ 1,774,768	\$ 378,836	\$ 69,882	\$ 448,718	3.96
2013	9,136,228	7,975,742	1,160,486	352,804	42,689	395,493	2.93
2014	9,108,568	7,497,926	1,610,642	119,539	35,715	155,254	10.37
2015	8,759,321	8,216,426	542,895	122,433	31,147	153,580	3.53
2016	7,180,524	9,854,218	(2,673,694)	126,810	324,367	451,177	-5.93
2017	12,334,213	10,147,800	2,186,413	570,136	491,974	1,062,110	2.06
2018	13,055,145	11,881,873	1,173,272	1,185,690	414,704	1,600,394	0.73
2019	14,620,549	11,691,077	2,929,472	425,230	450,012	875,242	3.35
2020	14,424,910	11,519,883	2,905,027	458,594	492,348	950,942	3.05
2021	14,497,874	12,232,818	2,265,056	577,780	450,199	1,027,979	2.20
Golf Course Fund:							
2012	\$ 683,792	\$ 898,701	\$(214,909)	\$ 63,000	\$ 190,595	\$ 253,595	-0.85
2013	709,000	858,007	(149,007)	64,750	187,372	252,122	-0.59
2014	701,000	930,327	(229,327)	68,250	201,053	269,303	-0.85
2015	694,111	978,731	(284,620)	88,257	201,813	290,070	-0.98
2016	693,901	999,056	(305,155)	96,816	204,472	301,288	-1.01
2017	703,735	771,228	(67,493)	106,758	198,012	304,770	-0.22
2018	660,498	835,713	(175,215)	106,758	240,496	347,254	-0.50
2019	657,094	896,847	(239,753)	106,273	183,378	289,651	-0.83
2020	774,390	1,047,088	(272,698)	112,423	140,492	252,915	-1.08
2021	887,952	1,083,768	(195,816)	104,522	137,867	242,389	-0.81

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>
2012	22,513	4,121	10.10%	32,948
2013	22,508	4,478	10.70%	33,112
2014	21,477	4,557	10.20%	33,112
2015	21,185	4,318	9.30%	32,421
2016	22,693	4,231	7.60%	32,421
2017	21,758	3,863	6.70%	32,420
2018	22,609	4,213	6.10%	31,746
2019	21,477	4,213	5.80%	31,430
2020	21,925	4,209	17.90%	31,673
2021	21,957	4,045	11.20%	33,458

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 &amp; over</u>			
1970	12,548	23,555	36,103 \$	2,544 \$	7,815
1980	11,432	26,623	38,055	7,490	13,940
1990	8,938	29,447	38,385	10,547	21,309
2000	8,469	25,271	33,740	15,989	28,851
2010	6,711	25,709	32,420	19,142	36,449
2020	7,026	26,432	33,458	24,789	43,029

(1) Virginia Department of Elections

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

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

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

Major Private Employers  
Fiscal Year Ended June 30, 2021

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

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

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

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

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

<u>Function</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>	<u>2020</u>	<u>2021</u>
City:										
Salaried	770	773	770	608	351	497	649	631	639	619
Part-time temporary	320	322	300	229	154	119	93	99	81	75
Public safety										
Police protection	160	160	166	152	92	104	125	108	108	100
Fire protection	100	98	98	98	65	75	80	78	78	70
Jail facilities	94	94	95	95	0	0	0	0	0	0
School Board										
Administrative personnel	37	37	37	37	37	43	48	49	43	32
Instructional personnel	617	617	617	617	592	564	460	531	396	340
All other personnel	183	183	183	183	164	144	154	135	173	206
Totals *	<u>1,927</u>	<u>1,932</u>	<u>1,907</u>	<u>1,674</u>	<u>1,298</u>	<u>1,367</u>	<u>1,404</u>	<u>1,445</u>	<u>1,332</u>	<u>1,272</u>

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

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

CITY OF PETERSBURG, VIRGINIA

Operating Indicators by Function  
Last Ten Fiscal Years

	2012	2013	2014	2015	2016
<b>Police protection:</b>					
Law violations	n/a	6,776	6,165	6,022	6,027
Traffic violations	11,194	8,390	6,429	6,005	5,762
Arrests reported:					
Adults	3,727	3,194	2,626	2,252	2,088
Juveniles	111	95	77	45	23
Calls for service	70,892	37,572	44,550	49,485	47,561
<b>Jail facility inmates:</b>					
Jail	140	191	178	n/a	n/a
Jail annex	25	26	30	n/a	n/a
Riverside Regional	115	86	100	n/a	n/a
<b>Community Development:</b>					
Building permits:					
Number issued	1,084	904	865	771	208
Valuation	\$ 30,400,872	38,993,367	16,068,316	31,578,787	13,906,675
<b>Public Utilities:</b>					
Number of active consumers	11,165	11,388	12,297	12,297	11,896
Water purchased (annually)-gallons	1.800 billion	1.73 billion	1.6 billion	1.6 billion	1.8 billion

n/a = not available at publication

Source: Individual City departments



Table 18

2017	2018	2019	2020	2021
6,215	7,431	7,966	6,561	n/a
5,904	13,116	9,375	7,354	n/a
1,911	3,176	3,471	2,496	n/a
75	79	66	30	n/a
47,961	53,406	48,289	45,533	n/a
n/a	n/a	n/a	n/a	
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
				n/a
716	557	471	589	
28,853,709	16,093,502	18,974,495	2,116,554	n/a
				n/a
11,986	11,503	11,560	n/a	
1.72 billion	1.80 billion	1.74 billion	n/a	n/a
				n/a

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Fire protection:</b>										
Number of stations	4	4	3	3	4	4	4	4	4	4
<b>Public works:</b>										
<b>Streets and sidewalks:</b>										
Streets - primary - miles	107	107	107	107	107	104	104	104	104	104
Streets - secondary - miles	281	281	281	281	281	291	291	291	291	291
Sidewalks - miles	72	72	72	72	72	72	72	72	72	72
Street lights	3,090	3,090	3,335	3,335	3,335	3,540	3,560	3,560	3,560	3,560
<b>Traffic signals:</b>										
Signalized intersections	58	58	62	62	47	47	47	47	47	47
Lights	1,450	1,450	1,450	1,450	1,330	1,330	1,330	1,330	1,330	1,330
Heads	464	464	464	464	455	455	455	455	455	455
Curbs	39	39	39	39	39	39	39	39	39	39
School signals (flashing lights)	18	18	18	18	18	20	19	19	19	19
Other signals (flashing lights)	7	7	7	7	7	7	7	7	7	7
Caution flashing lights	14	14	14	14	14	0	0	0	0	0
Pedestrian signals	112	112	112	112	112	112	112	112	112	112
<b>Sewers:</b>										
Storm - miles	19	19	19	19	19	19	19	140	140	140
Sanitary - miles	211	211	211	211	211	211	211	211	200	200
Wastewater Pump Stations								18	18	18
<b>Public Utilities:</b>										
Water mains - miles	275	275	275	275	275	260	260	225	225	225
Number of hydrants	1,378	1,378	1,378	1,378	1,375	1,378	1,378	1,500	1,500	1,500
Water pump stations								2	2	2
<b>Ground level water storage tanks:</b>										
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
<b>Elevated water storage tanks:</b>										
.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
<b>Culture and recreation</b>										
<b>Parks and recreation:</b>										
Fishing and picnic area (350 acres)	1	1	1	1	2	2	2	2	2	2
Downtown (12.3 acres)	1	1	1	1	1	1	1	1	1	1
Playground (52.8 acres)	12	12	12	12	12	12	12	12	12	12
Golf course	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts (lighted)	14	14	14	14	9	9	9	9	9	9
Recreation centers	3	3	3	3	1	1	1	1	1	1
Ballfields	4	4	4	4	4	4	4	4	4	4
Sports complex	1	1	1	1	1	1	1	1	1	1
<b>Education:</b>										
<b>Schools:</b>										
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***

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**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, 2021, 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 November 1, 2022.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses (2021-001, 2021-002, 2021-003, 2021-004, 2021-005, 2021-006, 2021-007, 2021-008, 2021-009, 2021-010, 2021-011).

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Petersburg, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-012 and 2021-013.

### 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  
November 1, 2022



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

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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, 2021. 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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City Petersburg, Virginia's compliance.

***Opinion on Each Major Federal Program***

In our opinion, 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 major federal programs for the year ended June 30, 2021.

## 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.

*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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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  
November 1, 2022

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
<b>PRIMARY GOVERNMENT:</b>				
<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	\$ -	\$ 973,890
<u>DEPARTMENT OF TRANSPORTATION:</u>				
<u>Direct payments:</u>				
Federal Transit Cluster:				
Federal Transit - Formula Grants	20.507	N/A	-	\$ 2,189,716
Total Federal Transit Cluster			-	\$ 2,189,716
<u>Pass through payments:</u>				
Division of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	Unknown	\$ -	\$ 20,802
Total Department of Transportation			\$ -	\$ 2,210,518
<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	\$ -	\$ 883,690
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
<u>Pass through payments:</u>				
Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950110	\$ -	\$ 21,858
Temporary Assistance for Needy Families	93.558	0400111	-	889,409
Refugee and Entrant Assistan State/Replacement				
Designee Administered Programs	93.566	0500111	-	1,646
Low-Income Home Energy Assistance	93.568	0600411	-	111,051
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	-	144,061
Chafee Education and Training Vouchers Program	93.599	9160110	-	1,154
Adoption and Legal Guardianship Incentive Payments	93.603	1130116	-	1,182
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110	-	306
Foster Care-Title IV-E	93.658	1100111	-	569,813
Adoption Assistance	93.659	1120111	-	757,241
Social Services Block Grant	93.667	1000111	-	652,833
John H. Chafee Foster Care Program for Successful				
Transition to Adulthood	93.674	9150110	-	13,633
Children's Health Insurance Program	93.767	0540111	-	9,940
Medicaid Cluster:				
Medical Assistance Program	93.778	1200111	-	740,656
Total Department of Health and Human Services			\$ -	\$ 3,914,783

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2021 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Agency Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
<b>PRIMARY GOVERNMENT: (Continued)</b>				
<u>DEPARTMENT OF JUSTICE:</u>				
<u>Pass through payments:</u>				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	39001-46000	\$ -	\$ 207,569
COVID-19-Coronavirus Emergency Supplemental Funding Program	16.034	20-A5099CE2020		5,881
Justice Assistance Act Grant Program	16.738	Unknown	-	43,743
Public Safety Partnership and Community Policing Grants	16.710	Unknown	-	15,377
			<u>                    </u>	<u>                    </u>
Total Department of Justice			\$ -	\$ 272,570
<u>DEPARTMENT OF ENERGY:</u>				
<u>Pass through payments:</u>				
Virginia Department of Mines, Minerals and Energy:				
State Energy Program	81.041	Unknown	\$ -	\$ 156,200
<u>ELECTION ASSISTANCE COMMISSION:</u>				
<u>Pass through payments:</u>				
Virginia Election Commission:				
COVID-19 HAVA Election Security Grants	90.404	116,912	\$ -	\$ 60,665
<u>DEPARTMENT OF HOMELAND SECURITY:</u>				
<u>Pass through payments:</u>				
Virginia Department of Emergency Management:				
Emergency Management Performance Grants	97.042	Unknown		\$ 10,675
<u>DEPARTMENT OF TREASURY:</u>				
<u>Pass through payments:</u>				
Virginia Department of Accounts:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$ -	\$ 4,674,187
<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	\$ 433,471	\$ 433,471
WIOA Youth Activities	17.259	LWA 15-16-03 & LWA 15-15-03	673,690	673,690
WIOA Dislocated Worker Formula Grants	17.278	LWA 15-16-03 & LWA 15-15-03	302,119	302,119
			<u>                    </u>	<u>                    </u>
Total Department of Labor/WIOA Cluster			\$ 1,409,280	\$ 1,409,280
<b>Total Primary Government</b>			<u>\$ 1,409,280</u>	<u>\$ 14,566,458</u>



Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2021 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Agency Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
<b>COMPONENT UNIT-SCHOOL BOARD:</b>				
<b>DEPARTMENT OF AGRICULTURE:</b>				
<u>Pass through payments:</u>				
Child Nutrition Cluster:				
Department of Agriculture and Consumer Services:				
Food Distribution	10.555	Unknown	\$ -	\$ 94,309
Department of Education:				
COVID-19 - Summer Food Service Program for Children	10.559	Unknown	\$ -	\$ 209,063
Summer Food Service Program for Children	10.559	Unknown	-	684,433
Child Nutrition Discretionary Grants Limited Availability	10.579			98,991
Total Child Nutrition Cluster			\$ -	\$ 1,086,796
Child and Adult Care Food Program	10.558	17901-40599	-	669,462
Fresh Fruit and Vegetable Program	10.582	17901-40599	-	65,839
Total Department of Agriculture			\$ -	\$ 1,822,097
<b>DEPARTMENT OF TREASURY:</b>				
<u>Pass through payments:</u>				
Virginia Department of Education:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0218	\$ -	\$ 658,088
<b>DEPARTMENT OF DEFENSE:</b>				
<u>Direct payments:</u>				
ROTC Instruction	12.000	N/A	\$ -	\$ 54,168
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
<u>Pass through payments:</u>				
City of Richmond, Virginia:				
Head Start Cluster:				
Head Start	93.600	Unknown	\$ -	\$ 1,098,037
Total Department of Health and Human Services				\$ 1,098,037
<b>DEPARTMENT OF EDUCATION:</b>				
<u>Pass through payments:</u>				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ -	\$ 3,337,576
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	17901-43071	\$ -	\$ 1,090,685
Special Education Preschool Grants	84.173	17901-62521	-	26,137
Total Special Education Cluster			\$ -	\$ 1,116,822
Career and Technical Education - Basic Grants to States	84.048	17901-61095	-	152,359
Education for Homeless Children and Youth	84.196	Unknown	-	33,776
School Improvement Grants	84.377	17901-43040	-	863,778
English Language Acquisition State Grants	84.365	17901-60512	-	28,383
Supporting Effective Instruction State Grants	84.367	17901-61480	-	307,466
Student Support and Academic Enrichment Program	84.424	17901-61480	-	239,558
COVID-19 - Education Stabilization Fund:				
Governor's Emergency Education Relief Fund	84.425C	Unkown	-	676,265
Elementary and Secondary School Emergency Relief Fund	84.425D	Unkown	-	2,476,464
Total Department of Education			\$ -	\$ 9,232,447
<b>Total Component Unit School Board</b>			\$ -	\$ 12,864,837
<b>Total Expenditures of Federal Awards</b>			\$ 1,409,280	\$ 27,431,295

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

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## CITY OF PETERSBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

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### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award of the City of Petersburg, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the reporting requirements of OMB Uniform Guidance. Because the Schedule presents only a selected portion of operations to the City of Petersburg, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Petersburg, Virginia.

### Note 2 - Summary of Significant Accounting Policies

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

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

### Note 3 - Food Donation

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

### Note 4 - De Minimis Cost Rate

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

### Note 5 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 4,731,742
Nonmajor governmental funds	7,472,692
Mass Transit Fund	2,189,716
Component Unit:	
School Board	<u>13,037,145</u>
Total federal expenditures per basic financial statements	<u>\$ 27,431,295</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 27,431,295</u></u>

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**CITY OF PETERSBURG, VIRGINIA**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021

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**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>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
84.010	Title I Grants to Local Educational Agencies
84.377	School Improvement Grants
84.425D	Elementary and Secondary School Emergency Relief Fund
17.258/17.259/17.278	WIOA Cluster
93.558	Temporary Assistance for Needy Families
21.019	COVID-19 - Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$822,939
Auditee qualified as low-risk auditee?	No

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2021-001 Material Weakness - Utility Billing Reconciliation**

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

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

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

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

**Recommendation:**

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

**Management Response:**

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

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

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

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

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

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

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

**Recommendation:**

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

**Management Response:**

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

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

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

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

**Condition:** During fiscal year 2021 the City was not reconciling the property tax delinquent lists to the taxes receivable accounts as reported in the general ledger on a monthly basis or at year-end.

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

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

**Recommendation:**

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

**Management Response:**

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



CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

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

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

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

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

**Effect:** The audit preparation consultants did not commence their duties for FY 21 until July 2021. Therefore, the City's general ledger was not accurate or reliable for the entire fiscal year ended June 30, 2021.

**Recommendation:**

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

**Management Response:**

**We Concur:** The Finance Department has drafted policies and procedures and a monthly checklist has been created to ensure that all primary functions of the Finance Department are being completed in a timely and accurate fashion to prevent this finding in the future. It is important to note that adjustments will continue to be performed after the end of the fiscal year during the City's adjustment period and to accommodate the 60-day accrual period. Reconciling items should be tracked at the end of each fiscal period or month for resolution prior to the close of the fiscal year. The City will evaluate the timing and timeline upon which it engages its audit preparation (pre-audit) consultants. Budget was merged with Finance in November 2021 since then budget to actuals have been completed quarterly.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

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

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

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

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

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

**Recommendation:**

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

***Management Response:***

**We concur:** The Finance Department has developed policies and procedure to ensure that the City of Petersburg's Financial Statements are in accordance with GAAP, and to prevent this finding in the future. The City will also evaluate the role and timing or timeline of the work performed by its audit preparation (pre-audit) consultants in light of expectations set in the Treasurer MOU and intended scope of the contract.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

**2021-006 Material Weakness - Unrecorded Workforce Investment Act Federal Grant**

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

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

**Cause:** The City does not request and drawdown grant funds from the Virginia Community College System. Instead the Crater Regional Workforce Investment Board & Learn to Earn, Inc. requests and is sent grant funds directly from the Virginia Community College System. As a result of this process, the City failed to recognize and record \$1,409,280 of grant revenues and pass-through expenditures for FY 21.

**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.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

**2021-007 Material Weakness - Material Reclassifications Proposed to Federal Revenues**

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

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

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

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

**Recommendation:**

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

***Management Response:***

***We concur with the recommendation.***

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

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

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

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

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

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

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

**Recommendation:**

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

***Management Response:***

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

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

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

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

**Condition:** During FY 21 the City did not reconcile the cash reported in each fund to total cash reported in Fund 999.

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

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

**Recommendation:**

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

***Management Response:***

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

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

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

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

**Condition:** During FY 21 payroll entries were made that did not balance within each fund.

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

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

**Recommendation:**

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

***Management Response:***

**We Concur:** Finance will work with Human Resource (HR) and Information Technology (IT) to ensure that these departments understand the importance of reaching out to Finance prior to or in an effort to avoid bypassing and overriding an error message when received within the BAI system. The above condition resulted from HR Deduction Codes that were not completely configured. We will also work with BAI to see if a hard stop can be placed in the system to elevate this issue.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

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

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

--

**Condition:** During FY 21 the City did not have adequate monthly financial closing procedures in place when performing the month end close. The City was closing each month in the accounting system before ensuring that all reconciliations had been performed, that all funds were in balance, and that all entries were appropriately made and included in the financial statements.

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

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

**Recommendation:**

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

***Management Response:***

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



CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

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

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

**Condition:** We tested 40 individual disbursements as part of our random test of disbursements and 8 out of 40 disbursements tested contained invoices that were paid late.

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

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

**Recommendation:**

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

***Management Response:***

The City has strived to ensure accurate payments are made; and therefore, the “check and balance “verification process is labor intensive and takes a significant about of time. Once that verification is complete, the Finance department promptly processes and pays bills upon receipt. To increase City-wide accountability for the prompt payment of bills, Finance will communicate with the departments that represent the 8 untimely paid disbursements above and request that actionable steps be identified by these departments to ensure the prompt submission of invoices to Finance for timely payment.

CITY OF PETERSBURG, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

**2021-013 Compliance Finding - Unclaimed Property**

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

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

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

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

**Recommendation:**

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

***Management Response:***

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

**CITY OF PETERSBURG, VIRGINIA**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021 (Continued)

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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

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## CITY OF PETERSBURG, VIRGINIA

### Summary Schedule of Prior Audit Findings Year Ended June 30, 2021

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#### **FINANCIAL STATEMENT FINDINGS**

##### **2020-001 Material Weakness - Utility Billing Reconciliation**

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

Recommendation:

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

Current status:

See finding 2021-001

##### **2020-002 Material Weakness - Insufficient Listing for Water and Sewer Customer Deposits**

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

Recommendation:

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

Current status:

See finding 2021-002

##### **2020-003 Material Weakness - Reconciliation of Property Tax Delinquent Lists to General Ledger**

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

Recommendation:

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

Current status:

See finding 2021-003

## CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2021 (Continued)

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### **FINANCIAL STATEMENT FINDINGS (CONTINUED)**

#### **2020-004 Material Weakness - Insufficient Accounting and Financial Reporting Throughout the Fiscal Year**

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

Recommendation:

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

Current status:

See finding 2021-004

#### **2020-005 Material Weakness- Material Audit Adjustments Proposed by the External Auditor**

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

Recommendation:

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

Current status:

See finding 2021-005

## CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2021 (Continued)

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### FINANCIAL STATEMENT FINDINGS (CONTINUED)

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

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

Recommendation:

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

Current status:

See finding 2021-006

#### **2020-007 Material Weakness - Material Reclassifications Proposed to Federal Revenues**

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

Recommendation:

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

Current status:

See finding 2021-007

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2021 (Continued)

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**FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2020-008 Material Weakness - Lack of timely bank reconciliations performed during the year**

Condition: During FY20 the City did not complete bank reconciliations for all bank and investment accounts in a timely manner. For example, bank reconciliations for the month of June 20 were not completed until November 2020.

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 2021-08

**2020-009 Material Weakness - Lack of reconciliation of cash reported in funds to cash in Fund 999**

Condition: During FY19 the City did not reconcile the cash reported in each fund to total cash reported in Fund 999.

Recommendation:

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

Current status:

See finding 2021-09

**2020-010 Material Weakness - Posting of Journal Entries that do not balance within each fund**

Condition: During FY20 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 2021-10



CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2021 (Continued)

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**FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2020-011 Material Weakness - Lack of Monthly Financial Closing Procedures**

Condition: During FY20 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 2021-11

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

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

Recommendation:

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

Current status:

See finding 2021-012

**2020-013 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:

This finding was not present in the current year.

CITY OF PETERSBURG, VIRGINIA

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2021 (Continued)

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**FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2020-014 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:

This finding was not present in the current year.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2020-015 Federal Award Finding - Subrecipient Monitoring:**

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

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

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:

This finding was not present in current year.