



City of Petersburg Virginia

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June 6, 2023 - Special City Council Meeting

**June 6, 2023
Petersburg Public Library
201 West Washington Street
Petersburg, VA 23803
3:00 PM**

City Council

Samuel Parham, Mayor – Ward 3
Darrin Hill, Vice Mayor – Ward 2
Marlow Jones, Councilor – Ward 1
Charlie Cuthbert, Councilor – Ward 4
W. Howard Myers, Councilor – Ward 5
Annette Smith-Lee, Councilor – Ward 6
Arnold Westbrook, Jr., Councilor – Ward 7

City Administration

John March Altman, Jr. - City Manager
Anthony Williams - City Attorney
Nykesha D. Lucas - City Clerk

-
- 1. Roll Call**
 - 2. Presentation and/or Update**
 - a. Presentation on ACFR FY22 Overview and Acceptance
 - 3. Adjournment**



City of Petersburg

Ordinance, Resolution, and Agenda Request

DATE: June 6, 2023
TO: The Honorable Mayor and Members of City Council
THROUGH: March Altman, Jr., City Manager
FROM: Stacey Jordan
RE: Presentation on ACFR FY22 Overview and Acceptance

PURPOSE: Presentation and update.

REASON: See attached.

RECOMMENDATION: For informational purposes.

BACKGROUND: See attached.

COST TO CITY: N/A

BUDGETED ITEM: N/A

REVENUE TO CITY: N/A

CITY COUNCIL HEARING DATE: 6/6/2023

CONSIDERATION BY OTHER GOVERNMENT ENTITIES: N/A

AFFECTED AGENCIES: N/A

RELATIONSHIP TO EXISTING ORDINANCE OR RESOLUTION: N/A

REQUIRED CHANGES TO WORK PROGRAMS: N/A

ATTACHMENTS:

1. ACFR slide deck FY22

2022 Annual Comprehensive Financial Report (ACFR)

City of Petersburg VIRGINIA

Presented by:
Department of Finance





Agenda

☐ Overview

☐ Audit Opinion

"Highlights"

☐ Basic Financial Statements

- Governmentwide
- Governmental Funds
- Proprietary Funds
- Fiduciary Funds

Fund Financial Statements

☐ Notes to the Financial Statements

☐ Supplementary Information

☐ External Auditor Update



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The purpose of today's presentation is to provide City Council an overview of the results pertaining to the preparation and audit of FY 2022 Annual Comprehensive Financial Report (ACFR).

The FY 2022 or fiscal year 2022 ACFR covers the period of July 1, 2021 to June 30, 2022 and represents the financial position and results of the City as of June 30, 2022.



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What's Next? External Auditor Update

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

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

- Unmodified
- Qualified
- Adverse
- Disclaimer

The last 3 opinions are all considered modified opinions.



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At the conclusion of the 2022 ACFR preparation and audit process, the City's external auditor rendered the following opinion:

	2022	2021	2020	2019
<u>Business Unit</u>	<u>Auditor Opinion</u>	<u>Auditor Opinion</u>	<u>Auditor Opinion</u>	<u>Auditor Opinion</u>
Governmental Activities	Unmodified	Unmodified	Unmodified	Unmodified
Business-Type Activities	Unmodified	Unmodified	Unmodified	Unmodified
Discretely Presented Component Units	Unmodified	Unmodified	Unmodified	Unmodified
General Fund	Unmodified	Unmodified	Unmodified	Unmodified
Capital projects Fund	Unmodified	Unmodified	Unmodified	Unmodified
Public Utility Fund	Unmodified	Unmodified	Unmodified	Unmodified
Mass Transit Fund	Unmodified	Unmodified	Unmodified	Unmodified
Golf Course Fund	Unmodified	Unmodified	Unmodified	Unmodified
Aggregate Remaining Fund Information	Unmodified	Unmodified	Unmodified	Unmodified

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



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Unmodified Opinion

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

Qualified Opinion

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



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

- ☐ Governmentwide
 - ☐ Statement of Net Position
 - ☐ Statement of Activities

Fund Financial Statements

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



Basic Financial Statements Government-wide

Statement of Net Position

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

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

Condensed Statement of Net Position

as of June 30, 2022	2022	2021	\$ Change	% Change
Current Assets	95,158,289	72,334,956	22,823,333	32%
Capital Assets	60,229,294	55,508,492	4,720,802	9%
Deferred Outflows - Pension, OPEB, Refunding	12,449,438	11,648,793	800,645	7%
	167,837,021	139,492,241	28,344,780	20%
Current Liabilities	26,786,121	16,690,034	10,096,087	60%
Noncurrent Liabilities	47,038,507	72,475,045	(25,436,538)	-35%
Deferred inflows - Property Tax, OPEB, Pension	22,969,380	2,472,516	20,496,864	829%
	96,794,008	91,637,595	5,156,413	6%
Total Net Position	71,043,013	47,854,646	23,188,367	48%



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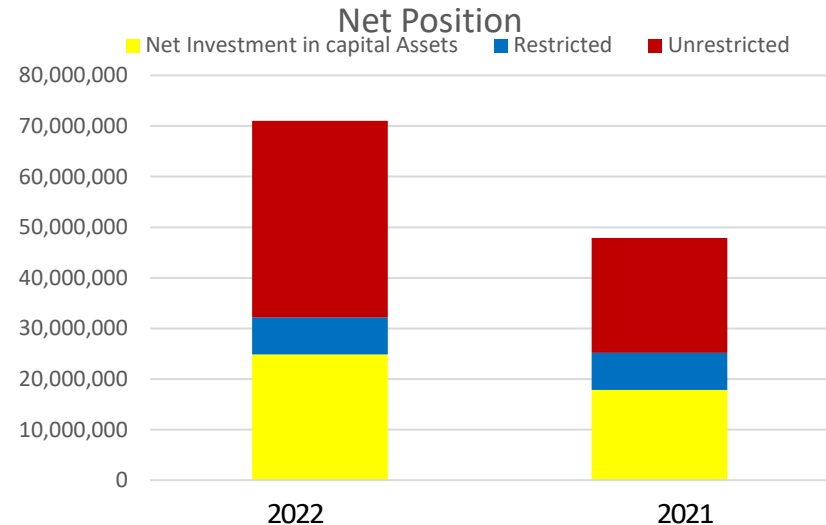
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Statement of Net Position (continued)

Net position is divided into three major categories:

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



Total Net Position				
as of June 30, 2022	2022	2021	\$ Change	% Change
Net Investment in capital Assets	24,871,695	17,842,076	7,029,619	39%
Restricted	7,319,665	7,322,643	(2,978)	-0.041%
Unrestricted	38,851,653	22,689,927	16,161,726	71%
Total Net Position	71,043,013	47,854,646	23,188,367	48%



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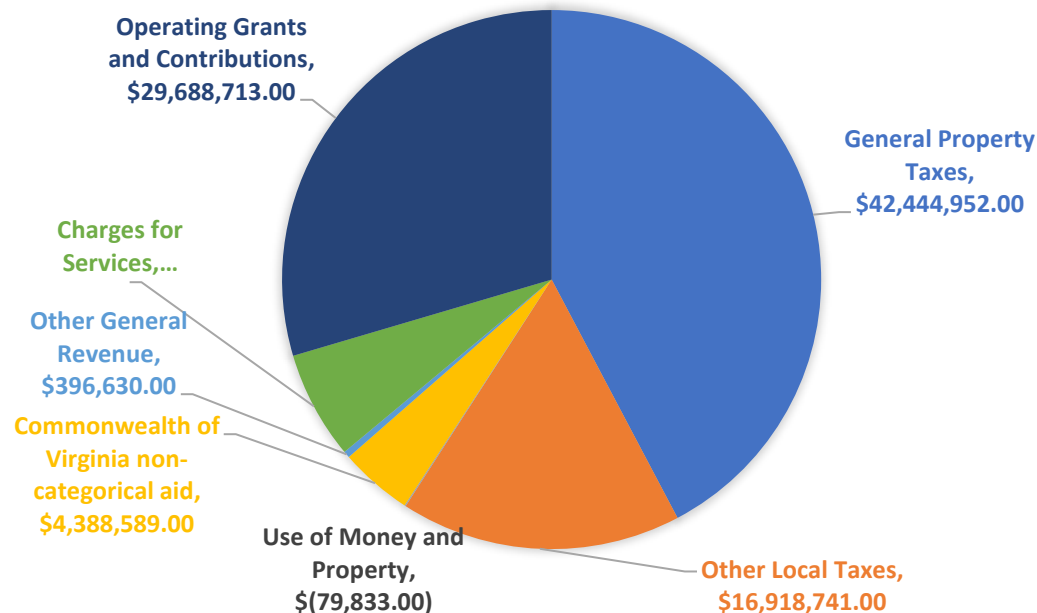
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Statement of Activities

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

GOVERNMENTAL ACTIVITY REVENUES



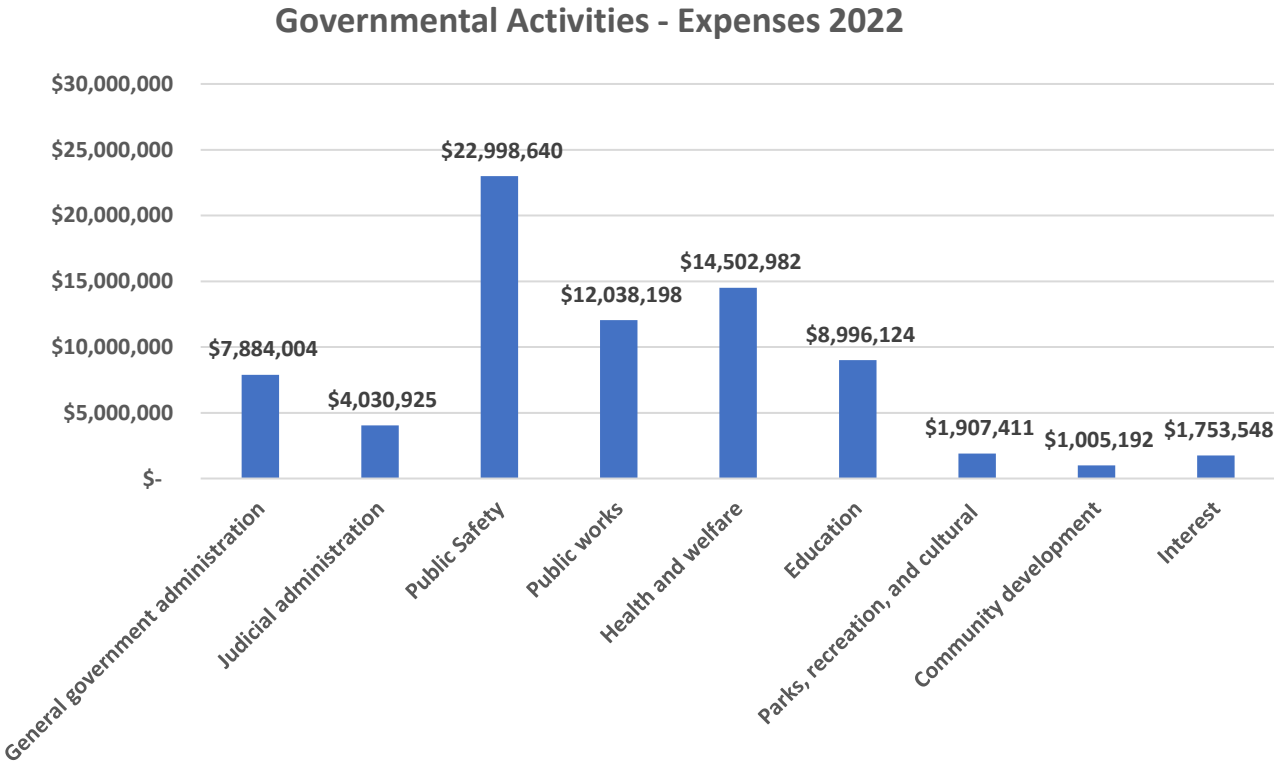


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Statement of Activities (continued)

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





Basic Financial Statements Governmental Funds

Balance Sheet

Governmental Funds (Exhibit 3) is comprised of three (3) funds/fund groups:

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

Condensed Balance Sheet				
as of June 30, 2022	General Fund	Capital Projects	Non-Major Funds	Total
Assets	69,151,168	7,293,656	24,897,418	101,342,242
Liabilities	12,494,659	3,848,216	13,030,149	29,373,024
Deferred Inflows of Resources	11,212,863			11,212,863
	23,707,522	3,848,216	13,030,149	40,585,887
Fund Balance	45,443,646	3,445,440	11,867,269	60,756,355



Basic Financial Statements Governmental Funds

Balance Sheet (continued)

as of June 30, 2022	Total Fund Balance			Total
	General Fund	Capital Projects	Non-Major Funds	
Nonspendable	5,434,863	4,637,613	2,059,019	12,131,495
Restricted	992,504		5,368,231	6,360,735
Committed			4,440,019	4,440,019
Unassigned	39,016,279	(1,192,173)		37,824,106
Total Fund Balance	45,443,646	3,445,440	11,867,269	60,756,355

Highlight:

The “Unassigned” fund balance for the General Fund increased from \$25,232,435 in FY 2021 to **\$39,016,279** in FY 2022 or by 35.3% and \$13,783,844



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Statement of Revenues, Expenditures, and Changes in Fund Balance

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

Condensed Statement of Revenue, Expenditures and Change in Fund Balance

as of June 30, 2022	General	Capital Projects	Non-Major Funds	Total
Revenue	82,005,904	4,659,126	12,188,696	98,853,726
Expenditures	65,972,260	5,736,436	11,297,001	83,005,697
Excess (deficiency) of revenue over (under)	16,033,644	(1,077,310)	891,695	15,848,029
Expenditures				
Other Financing Sources (Uses) - Transfers in (Out)	(2,293,363)	(1,010,180)	108,172	(3,195,371)
Payment to Bond Escrow agent, Issuance (Discount) of/on Debt				
Changes in Fund Balance	13,740,281	(2,087,490)	999,867	12,652,658
Fund Balance at the Beginning of Year	31,703,365	5,532,930	10,867,402	48,103,697
Fund Balance at End of Year	45,443,646	3,445,440	11,867,269	60,756,355

Highlight:

Revenues exceeded Expenditures in the General Fund by **\$16,033,644** or by more than 20%



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Statement of Revenues, Expenses, and Changes in Net Position

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

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

Condensed Statement of Revenue, Expenditures and Change in Net Position

as of June 30, 2022	Public Utility	Mass Transit	Golf Course	Total
Operating Revenues	13,290,955	322,973	1,033,380	14,647,308
Operating Expenses	11,724,514	5,280,861	1,081,792	18,087,167
Operating Income (Loss)	1,566,441	(4,957,888)	(48,412)	(3,439,859)
Non-Operating Revenues (Expenses)				
State/Federal Grants, Interest Income (Expense)	(389,724)	3,850,909	(119,544)	3,341,641
Bond Issuance Costs				
Income (Loss) before contribution and transfers	1,176,717	(1,106,979)	(167,956)	(98,218)
Transfers in	787,733	892,979	279,479	1,960,191
Changes in Net Position	1,964,450	(214,000)	111,523	1,861,973
Fund Balance at Beginning of Year	23,667,598	14,801,437	(2,122,662)	36,346,373
Fund Balance at End of Year	25,632,048	14,587,437	(2,011,139)	38,208,346



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Statement of Cash Flows



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



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Long-Term Obligations

Of \$65,767,365 in total obligation or liability (Note 7) , **\$44,954,596** was in General Obligation Bonds backed by the full faith and credit of the City. Of the total obligation or liability, \$4,260,475 was due and payable within one (1) year. The breakdown across Governmental and Business-Type Activities (i.e., Public Utility, Mass Transit, and Golf Course operations) is below.

Condensed Note 7 - Long term Obligations

as of June 30, 2022	Business-Type Activities				Total
	Governmental	Public Utility	Mass Transit	Golf Course	
General Obligation (GO) Bonds	34,541,705	7,225,659		3,187,232	44,954,596
Stormwater Revenue Bonds	2,471,174				
School Literary Funds Loans					
School Qualified Zone Academy Bonds (QZAB)	1,731,857				
Capital Leases	652,204			110,963	
Notes Payable		3,255,018			
Premium (Discount) on Bonds Payable	694,778	490,177		439,271	
Net Pension Liability	661,871	29,059	41,213	8,045	
Net OPEB Liability	7,965,975	121,511	172,332	33,639	
Compensated Absences	1,701,230	77,642	116,517	38,293	
Total Long Term Obligations	50,420,794	11,199,066	330,062	3,817,443	65,767,365
Short-term Anticipation Notes					
Due within 1 year	3,382,287	661,363	11,652	205,173	4,260,475



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Budgetary Data

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

Pension Data

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

Combining Statements, Non-Major Funds, Supporting Schedules

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



What's Next?

- ❑ This concludes the overview, highlights, and operating results of the City's FY 2022 ACFR.

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