

2021 Annual Comprehensive Financial Report (ACFR)

City of Petersburg VIRGINIA

Presented by:

Department of Finance



Kenneth Miller, Interim City Manager



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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 2021 Annual Comprehensive Financial Report (ACFR).

The FY 2021 or fiscal year 2021 ACFR covers the period of July 1, 2020 to June 30, 2021 and represents the financial position and results of the City as of June 30, 2021.



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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 2021 ACFR preparation and audit process, the City’s external auditor rendered the following opinion:

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

The City of Petersburg received an overall Unmodified opinion on the audit of its financial statements for the third 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.



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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, 2021	2021	2020	\$ Change	% Change
Current Assets	72,334,956	60,855,297	11,479,659	19%
Capital Assets	55,508,492	55,137,274	371,218	1%
Deferred Outflows - Pension, OPEB, Refunding	11,648,793	8,521,288	3,127,505	37%
	139,492,241	124,513,859	14,978,382	12%
Current Liabilities	16,690,034	16,078,910	611,124	4%
Noncurrent Liabilities	72,475,045	65,245,399	7,229,646	11%
Deferred inflows - Property Tax, OPEB, Pension	2,472,516	3,055,344	(582,828)	-19%
	91,637,595	84,379,653	7,257,942	9%
Total Net Position	47,854,646	40,134,206	7,720,440	19%



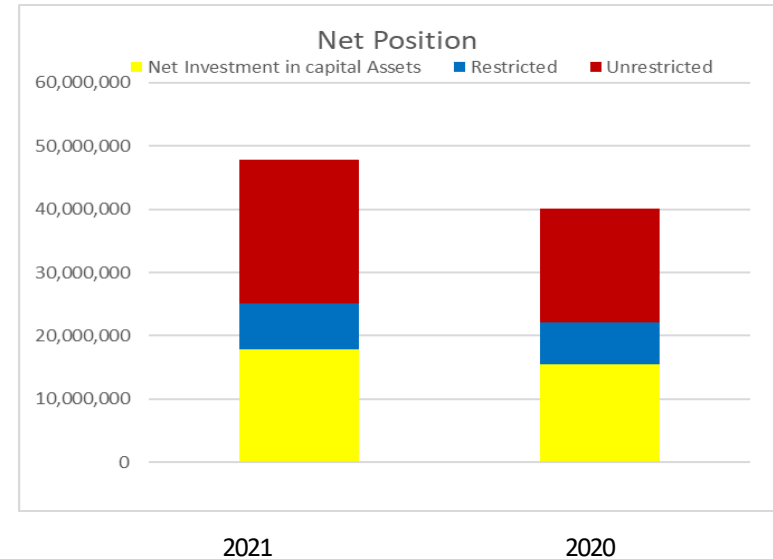
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Statement of Net Position (continued)

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, 2021	2021	2020	\$ Change	% Change
Net Investment in capital Assets	17,842,076	15,504,612	2,337,464	15%
Restricted	7,322,643	6,693,963	628,680	9%
Unrestricted	22,689,927	17,935,631	4,754,296	27%
Total Net Position	47,854,646	40,134,206	7,720,440	19%

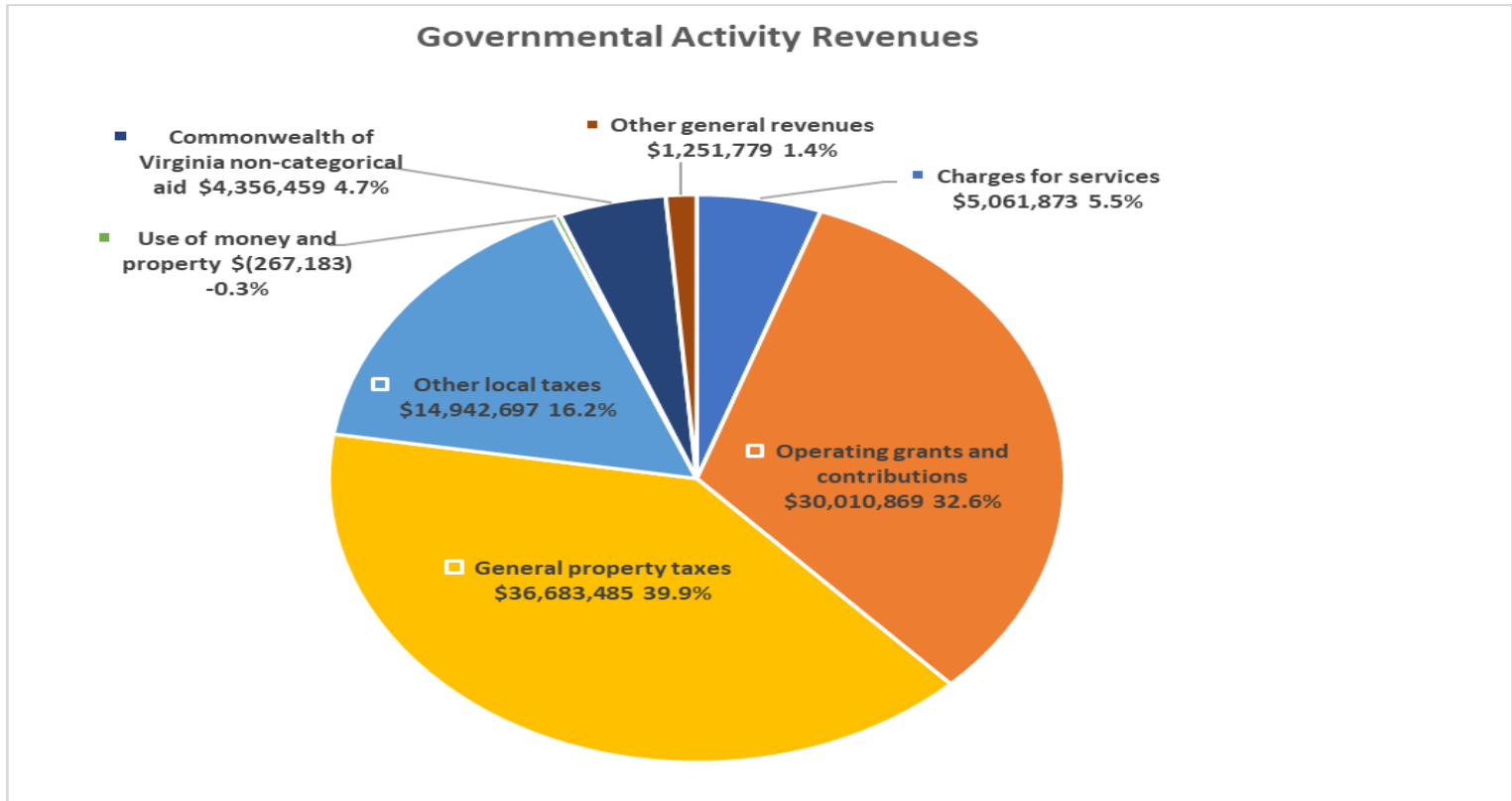


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Statement of Activities

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.





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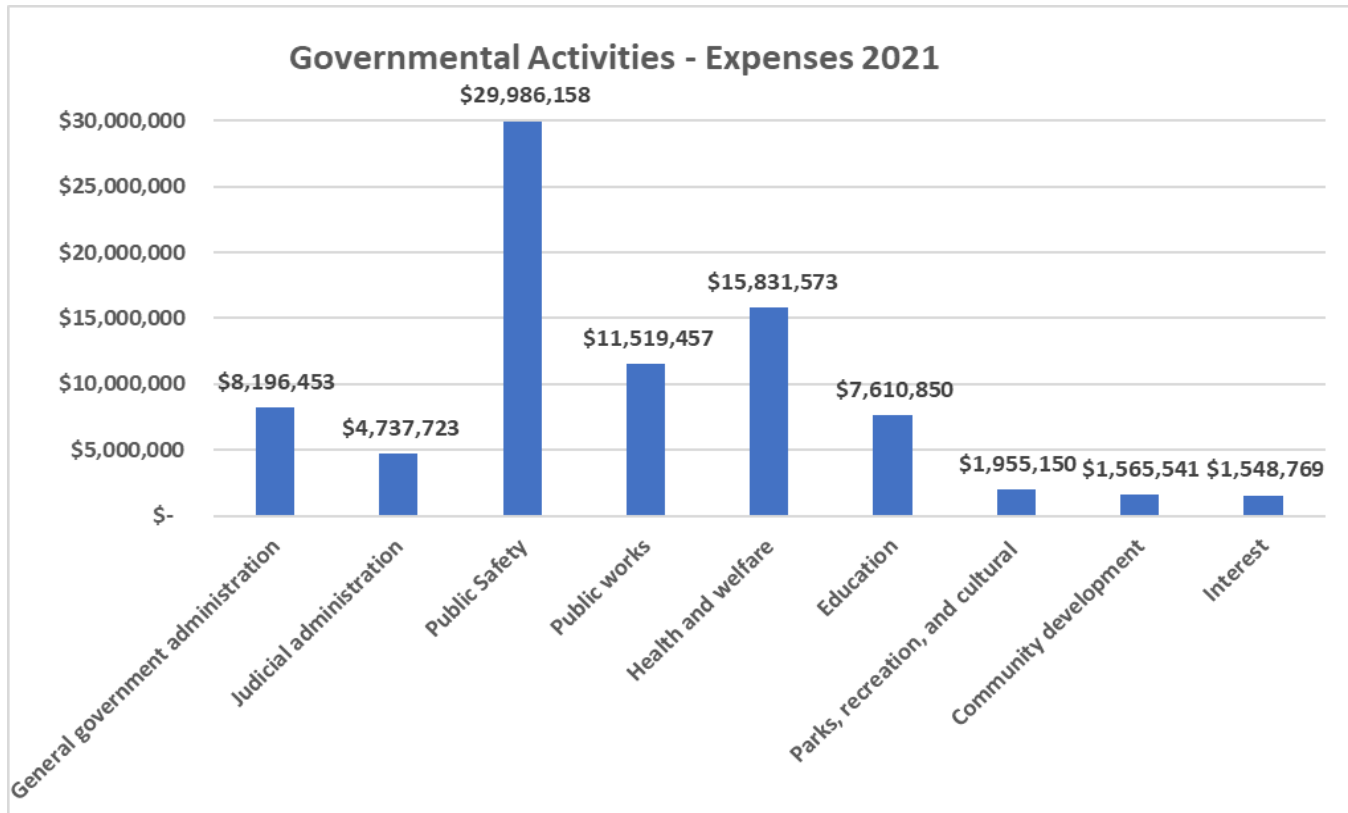
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Statement of Activities (continued)

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





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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, 2021	General Fund	Capital Projects	Non-Major Funds	Total
Assets	50,938,531	8,760,948	18,535,798	78,235,277
Liabilities	9,511,645	3,228,018	7,668,396	20,408,059
Deffered Inflows of Resources	9,723,521			9,723,521
Fund Balance	31,703,365	5,532,930	10,867,402	48,103,697



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Balance Sheet (continued)

as of June 30, 2021	Total Fund Balance			Total
	General Fund	Capital Projects	Non-Major Funds	
Nonspendable	5,210,432	4,487,003	2,056,080	11,753,515
Restricted	1,260,498		5,302,974	6,563,472
Committed		1,045,927	3,508,348	4,554,275
Unassigned	25,232,435			25,232,435
Total Fund Balance	31,703,365	5,532,930	10,867,402	48,103,697

Highlight:

The “Unassigned” fund balance for the General Fund increased from \$12,936,270 in FY 2020 to **\$25,232,435** in FY 2021 or by 49% and \$12,296,165



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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, 2021	General	Capital Projects	Non-Major Funds	Total
Revenue	76,275,073	381,293	15,565,523	92,221,889
Expenditures	66,423,071	475,267	14,676,458	81,574,796
Excess (deficiency) of revenue over (under) Expenditures	9,852,002	(93,974)	889,065	10,647,093
Other Financing Sources (Uses) - Transfers in (Out)	(1,561,475)		193,610	(1,367,865)
Payment to Bond Escrow agent, Issuance (Discount) of/on Debt				
Changes in Fund Balance	8,290,527	(93,974)	1,082,675	9,279,228
Fund Balance at the Beginning of Year, as restated	23,412,838	5,626,904	9,784,727	38,824,469
Fund Balance at End of Year	31,703,365	5,532,930	10,867,402	48,103,697

Highlight:

Revenues exceeded Expenditures in the General Fund by **\$9,852,002** or by more than 13%



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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, 2021	Public Utility	Mass Transit	Golf Course	Total
Operating Revenues	14,497,874	254,311	887,952	15,640,137
Operating Expenses	12,232,818	5,340,561	1,083,768	18,657,147
Operating Income (Loss)	2,265,056	(5,086,250)	(195,816)	(3,017,010)
Non-Operating Revenues (Expenses)				
State/Federal Grants, Interest Income (Expense)	(449,293)	2,988,641	(137,867)	2,401,481
Bond Issuance Costs				
Income (Loss) before contribution and 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
Fund Balance at Beginning of Year, as restated	21,653,958	15,992,244	(2,052,165)	35,594,037
Fund Balance at End of Year	23,667,598	14,801,437	(2,122,662)	36,346,373



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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 \$93,21,077 in total obligation or liability (Note 7) , **\$46,218,362** was in General Obligation Bonds backed by the full faith and credit of the City. Of the total obligation or liability, \$3,342,246 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, 2021	Business-Type Activities				Total
	Governmental	Public Utility	Mass Transit	Golf Course	
General Obligation (GO) Bonds	35,633,688	7,275,000		3,309,674	46,218,362
Stormwater Revenue Bonds	2,060,000				
School Literary Funds Loans	50,000				
School Qualified Zone Academy Bonds (QZAB)	1,931,857				
Capital Leases		3,630,327			
Premium (Discount) on Bonds Payable	632,679	514,789		463,675	
Net Pension Liability	24,188,583	1,061,985	1,506,158	294,015	
Net OPEB Liability	8,137,106	133,323	189,087	36,911	
Compensated Absences	1,748,403	59,721	124,947	39,149	
Total Long Term Obligations	74,382,316	12,675,145	1,820,192	4,143,424	93,021,077
Short-term Anticipation Notes					
Due within 1 year	1,907,271	635,893	12,495	786,587	3,342,246



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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.



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- This concludes the overview, highlights, and operating results of the City's FY 2021 ACFR.

- Next
 - Robinson, Farmer, Cox Associates, the City's auditor, will deliver a presentation on the FY 2021 ACFR and results of the audit to City Council.